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(last update: 18 May 2025)

Act No. 240/2013 Coll., on Investment Companies and Investment Funds, as amended

Amended by Acts No. 336/2014 Coll., No. 377/2015 Coll., No. 148/2016 Coll., No. 368/2016 Coll., No. 183/2017 Coll., No. 204/2017 Coll., No. 33/2020 Coll., No. 119/2020 Coll., No. 96/2022 Coll., No. 106/2023 Coll., No. 163/2024 Coll. and No. 32/2025 Coll.

The Parliament passed the following law of the Czech Republic:

PART ONE

INTRODUCTORY PROVISIONS

Section 1

Subject of modification

This Act incorporates the relevant regulations of the European Union ¹⁾ at the same time follows directly applicable regulations of the European Union ²⁾ and regulates the conditions for the management and administration of investment funds and foreign investment funds and the offering of investments in these funds.

Scope of the law

Section 2

This law does not apply to the activity of resting

a) in gathering

1. funds, the main purpose of which is to finance one's own production, trade, research or provision of one's own services, other than financial, and for the further management of such collected funds or property acquired for these funds, or
2. monetarily valuable items, the main purpose of which is to operate own production, own trade, research or provision of own services, other than financial, and for the further

management of monetarily valued items collected in this way or property acquired for these monetarily valued items,

b) in the collection of funds or money-valuable things for the purpose of their joint investment, and for the further management of such collected money or money-valuable things or property acquired for these money funds or money-valuable things, if this activity is carried out by a legal entity, so that through its participation in one or more other legal entities contributed to the long-term development of these entities, and

1. its participating securities are admitted to trading on a European regulated market, or
2. its main goal is not to generate profit by alienating participation in these persons; this condition is met in particular if it follows from the annual report of this person or from other publicly accessible documents that this is not their goal, or

c) in the collection of monetary funds or monetarily valuable items, if it is carried out as part of securitization ³⁾ and for the further management of such collected monetary funds or monetarily valuable items or property acquired for these monetary funds or monetarily valuable items, unless this Act provides otherwise (Section 98 subsection 3).

Section 2a

This law also does not apply to restful activities

a) in the collection of money or money-valuable things from family members for the purpose of their joint investment and for the further management of the thus collected money or money-valuable things or property acquired with these money funds or money-valuable things (family office vehicle), or

b) in the collection of funds or money-valuable things for the purpose of their joint investment, and for the further management of such collected money or money-valuable things or property acquired for these money funds or money-valuable things, if the investor is exclusively a person who, together with those who carry out this activity form a concern,

unless the person who carries out this activity is entered in the list maintained by the Czech National Bank pursuant to Section 596 letter e), or performs this activity as an investment fund manager, as well as if this Act provides otherwise (Section 98 subsection 3).

Section 3

The provisions of this Act shall not apply, unless otherwise permitted by law, to the activity carried out within

a) supplementary pension insurance with a state contribution, supplementary pension savings, employee pension insurance or other old-age security with the participation of the state or another public corporation,

b) social security a

c) insurance activities.

Section 4

This law does not apply to the activity carried out

a) a manager of a foreign investment fund that does not have its registered office in the Czech Republic, does not manage an investment fund in the Czech Republic and does not offer investments in the foreign investment fund managed by it,

b) an administrator of a foreign investment fund that does not have its seat in the Czech Republic, does not administer the investment fund in the Czech Republic and does not offer investments in the foreign investment fund it administers.

PART TWO

MANAGER

TITLE I

MANAGEMENT AND MANAGER

Chapter 1

Basic provision

Section 5

Management

(1) The management of an investment fund or a foreign investment fund is the management of the assets of this fund, including investing for the account of this fund, and the management of the risks associated with this investment.

(2) No one may manage an investment fund without a permit granted by the Czech National Bank pursuant to this Act, unless this Act or another legal regulation provides otherwise.

(3) The provisions of Section 1401, Section 1415 subsection 1 and Section 1432 to 1437 of the Civil Code are used for the management of an investment fund or a foreign investment fund only to the extent that the statute of the investment fund or a comparable document of the foreign investment fund does not deviate from these provisions, or in which it does not exclude their use.

Section 6

Manager

(1) Whoever manages an investment fund or foreign investment fund is its manager; this does not affect Section 9 subsection 1. Each investment fund can only have one manager.

(2) All sub-funds of one investment fund must have the same manager.

(3) The management of an investment fund or a foreign investment fund also includes the management of its sub-funds or comparable facilities. Where this Act uses the term "management of an investment fund or foreign investment fund", it also means the management of its sub-funds or comparable facilities. Where this Act uses the term "manager of an investment fund or foreign investment fund", it also means the manager of its sub-funds or comparable facilities.

According to the directly applicable regulation of the European Union governing European long-term investment funds ¹⁸⁾ (hereinafter referred to as "European long-term investment fund"), only a manager authorized to exceed the decisive limit can be a manager of a special fund or a European long-term investment fund (Section 16).

(5) According to the directly applicable regulation of the European Union governing money market funds ¹⁹⁾ (hereinafter referred to as "money market fund"), only a manager authorized to manage standard funds or comparable foreign investment funds or a manager authorized to exceed the decisive

limit (Section 16).

Section 7

Investment company

An investment company is a legal entity with its registered office in the Czech Republic, which, on the basis of a permit granted by the Czech National Bank, is authorized to manage an investment fund or a foreign investment fund, or to carry out the administration of an investment fund or a foreign investment fund, or to carry out the activities listed in Section 11 subsection 1 letter c) to f).

Investment fund with legal personality

Section 8

(1) A self-managed investment fund is an investment fund with legal personality, which, based on a self-managed investment fund license granted by the Czech National Bank, is authorized to manage and, where appropriate, carry out its administration. A self-managed investment fund is not an investment fund with legal personality that has an individual statutory body, by which the legal entity is authorized to manage this investment fund.

(2) The self-managed investment fund is managed by this fund.

(3) An investment fund with legal personality may not manage another investment fund or a foreign investment fund.

Section 8a

The board of directors of an investment fund with legal personality, which is not a self-managed investment fund, has one member and its only member is a legal entity.

Section 9

(1) An investment fund with legal personality, which has an individual statutory body, through which the legal entity is authorized to manage this investment fund, is authorized to manage itself through this person. If a legal entity, which is an individual statutory body of such a fund, is also authorized to carry out its administration, the investment fund is also authorized to carry out its administration through this person.

(2) The manager of the investment fund referred to in subsection 1 is a legal entity, which is its individual statutory body. This legal entity can also authorize several natural persons to represent it in the body.

(3) The investment fund referred to in subsection 1 may not

a) before being entered into the relevant list maintained by the Czech National Bank, to carry out no activity, unless it is an activity according to Section 15, subsection 1, if it is to become a fund of qualified investors, and

b) for the period during which it is entered in the list referred to in letter a), to carry out other activity than its activity as an investment fund.

(4) The manager of an investment fund referred to in subsection 1 may, even without the consent of this investment fund, do on his own account or for another's account what falls within the field of business of this investment fund.

Section 10

A foreign person with a permit from the Czech National Bank

A foreign person with a permit pursuant to Section 481 is a legal entity with its registered office in a state that is not a member state, which is authorized on the basis of a permit granted by the Czech National Bank pursuant to Section 481

- a) manage an investment fund that is not a standard fund, or a comparable foreign investment fund whose home state is a member state, or
- b) offer investments in a member state in an investment fund managed by it, which is not a standard fund, or in a comparable foreign investment fund,
 - or to perform the administration of an investment fund that is not a standard fund, or a comparable foreign investment fund, or to perform the activities listed in Section 11 subsection 1 letter c) to f).

Chapter 2

Business authorization

Section 11

The subject of business of an investment company and a foreign person with the permission of the Czech National Bank, which is not comparable to a self-managed investment fund

(1) An investment company and a foreign person with a permit pursuant to Section 481, which is not comparable to a self-managed investment fund, may, to the extent specified in the permit granted by the Czech National Bank

- a) manage investment funds or foreign investment funds,
- b) perform the administration of investment funds or foreign investment funds,
- c) manage the customer's property, which includes an investment instrument, on the basis of free consideration within the framework of the contractual arrangement (portfolio management),
- d) carry out safekeeping and management of investment instruments, including related services, but only in relation to securities and book-entry securities issued by an investment fund or a foreign investment fund,
- e) receive and transmit instructions regarding investment instruments and
- f) provide investment advice regarding investment instruments.

(2) An investment company and a foreign person with a permit according to Section 481, which is not comparable to a self-managed investment fund, may not carry out activities according to subsection 1 letter d) to f), if she is not authorized to carry out activities according to subsection 1 letter C). A foreign person with a permit according to Section 481 may not even manage a European long-term investment fund.

(3) An investment company authorized to manage standard funds or comparable foreign investment funds may not manage a foreign investment fund that is comparable to a standard fund, if it does not manage at least one standard fund.

(4) An investment company authorized to manage only standard funds or comparable foreign investment funds may not carry out the activities listed in subsection 1 letter e) and in subsection 6.

(5) An investment company or a foreign person with a permit pursuant to Section 481, which is not comparable to a self-managed investment fund, may, as an entrepreneur, only carry out activities according to subsection 1, an activity for which they have been authorized by the Czech National Bank according to another legal regulation, or another entrepreneurial activity for which the Czech National Bank has granted consent under Section 508. The performance of an individual activity, that includes the management or administration of an investment fund or a foreign investment fund, by an investment company or a foreign person with a permit pursuant to Section 481, which is not comparable to a self-managed investment fund, towards an investment fund or a foreign investment fund based on authorization, is considered an activity according to subsection 1 letter a) or b); this does not affect Section 6 subsection 1 and Section 40 subsection 1..

(6) An investment company can also as an entrepreneur

a) be the trustee of a trust fund, that is not an investment fund and does not include an investment instrument, or

b) to manage the customer's property, which does not include an investment instrument, on the basis of free consideration within the contractual arrangement, including the valuation of such property and the accounting of such property.

(7) An investment company that has a permit to provide an investment service pursuant to subsection 1 letter c), may as an entrepreneur be the trustee of a trust fund that is not an investment fund and includes an investment instrument.

(8) In the performance of the activities pursuant to subsection 7, the investment company shall similarly comply with the conduct rules of a securities dealer towards clients regarding the provision of investment service pursuant to Section 4 subsection 2 letter d) of the Act on Business on the Capital Market. In the performance of the activities pursuant to subsection 6 or 7, the investment company is required to hold additional capital amounting to 0.02% of the value of the assets managed under subsection 6 or 7.

Section 12

Business object of a self-managed investment fund and foreign persons with a permit from the Czech National Bank comparable to a self-managed investment fund

A self-managed investment fund and a foreign person with a permit pursuant to Section 481, which is comparable to a self-managed investment fund, may, as an entrepreneur, only carry out the activities specified in the permit granted by the Czech National Bank, and only to the extent specified in this permit.

Section 13

The date of establishment of the management authorization

(1) Authorization to manage an investment fund or a foreign investment fund is granted to a legal entity registered in the commercial register

a) on the date of acquisition of legal force of the decision of the Czech National Bank on the granting of an activity permit

1. investment companies according to Section 479,

2. self-managed investment fund according to Section 480, or
3. foreign persons according to Section 481,

b) on a later date, which is specified in the statement part of the decision referred to in letter a), or

c) the day when this authorization is entered in the commercial register, if it is an investment fund referred to in Section 9 subsection 1.

(2) The right to manage an investment fund or a foreign investment fund arises to a legal entity that is not registered in the commercial register and that the Czech National Bank has granted a permit in accordance with Section 479, 480 or 481 or that it has entered in the relevant list in accordance with Section 513, on the day of its registration in the commercial register.

Section 14

Investment fund management by a foreign person

(1) A foreign person who is not comparable to a self-managed investment fund and who has a permit from the supervisory authority of another member state granted in accordance with the requirements set out in Articles 6 to 8 of the Directive of the European Parliament and the Council governing the coordination of regulations in the field of collective investment ⁴⁾ may manage a standard fund

a) through a branch, if the condition set out in Section 338 subsection 2 is met, or

b) without the location of a branch, if the conditions laid down in Section 339 are met.

(2) A foreign person who is not comparable to a self-managed investment fund and who has permission from the supervisory authority of another member state granted in accordance with the requirements set out in Articles 6 to 8 of the Directive of the European Parliament and the Council regulating managers of alternative investment funds ⁵⁾ may manage a special fund or pool of qualified investors

a) through a branch, if the conditions laid down in Section 342 are met, or

b) without the location of a branch, if the conditions set out in Section 343 are met.

Sections 20, 21 and 23 to 26 shall not apply to a foreign person referred to in subsection 1 or 2 who manages an investment fund.

Chapter 3

Property management comparable to farming

Section 15

(1) A legal entity that is not authorized to manage investment funds and in the Czech Republic profitably manages, or intends to manage, assets consisting of collected funds or valuables from investors or acquired for these funds or valuables in the Czech Republic in a commercial or similar manner, for the purpose of its joint investment on the basis of a determined strategy for the benefit of these investors, must submit an application for registration in the list maintained by the Czech National Bank pursuant to Section 596 letter f) and be entered in this list. The first sentence does not apply to the management of investment fund assets. A person registered in the list maintained by the Czech National Bank pursuant to Section 596 letter e) is not entitled to exceed the decisive limit.

(2) Property management according to subsection 1 of the first sentence is concerned if the legal entity that manages or intends to manage it has its seat in the Czech Republic.

(3) The name of the entity referred to in subsection 1 shall contain the phrase “venture capital entity” and does not include the designation “fund”, its translations, or words derived therefrom.

(4) The entity referred to in subsection 1 may only collect funds or valuables from an investor,

a) to whom it has provided information in writing, sufficiently in advance of the conclusion of the contract, about,

1. the riskiness of the investment
2. the fact that the investment is not guaranteed and the investor may lose all the invested funds,
3. on the total amount and structure of the fee
4. the investment horizon
5. the investment strategy
6. the fact that the entity referred to in subsection 1 is not subject to the supervision of the Czech National Bank.

b) who invests funds or valuables through it corresponding to an amount of at least EUR 125,000 and

c) about whom the person referred to in subsection 1 may reasonably believe, on the basis of information obtained from the investor, similarly to the provision of the main investment service referred to in Section 4 subsection 2 letter d) or e) of the Act on Business on the Capital Market, that the investment corresponds with his financial background, investment objectives and professional knowledge and experience in the field of investments, and the investor confirms these facts in writing.

(5) Subsection 4 letter a) points (1) to (5) shall not apply where the person referred to in subsection 1 provides the investor with a communication of key information in accordance with Regulation (EU) No 1286/2014 of the European Parliament and of the Council²⁴⁾

(6) An entity referred to in subsection 1 may collect funds or valuables from up to 20 investors who do not meet the condition under subsection 4 letter b). If this entity collects funds or valuables from more than 20 investors, it shall submit electronically to the Czech National Bank, by the end of the sixth month following the end of the preceding calendar year, an auditor's report verifying compliance with the investor limit referred to in the first sentence.

(7) The Czech National Bank shall determine by decree the form and manner of submission of the auditor's report referred to in subsection 6.

Section 15a

(1) The Czech National Bank shall decide on the deletion of a person referred to in Section 15 subsection 1 from the list pursuant to Section 596 letter e) if a court or other public authority imposes a prohibition on such person.

(2) The Czech National Bank may decide to delete a person referred to in Section 15 subsection 1 from the list pursuant to Section 596 letter e), if that person seriously or repeatedly breaches any of the obligations under Section 15 subsection 3, 4 or 6, an obligation under Section 477 in conjunction with Section 462, Section 463 subsection 2 letter a) points (2) or (3), Section 475, or Section 637, or an obligation under Regulation (EU) No 1286/2014 of the European Parliament and of the Council²⁴⁾ or Regulation (EU) 2019/2088 of the European Parliament and of the Council²¹⁾.

(3) The re-entry of a person referred to in Section 15 subsection 1, who has been deleted pursuant to subsection 2, into the list referred to in Section 596 letter e) may not take place before the

expiry of 10 years.

(4) The court shall, at the proposal of the Czech National Bank or the person who has a legitimate interest in it, cancel the legal entity that is not registered in the relevant list pursuant to subsection 1 and order its liquidation, or decide that the administration of a trust fund or other institution shall cease if it is a trustee or other administrator that is not registered in the relevant list pursuant to subsection 1. The court shall give the legal entity or trustee a reasonable period of time to remedy the situation before making its decision.

Chapter 4

Exceeding the decisive limit

Section 16

(1) Exceeding the decisive limit occurs as soon as the value of the assets of all investment funds and foreign investment funds and assets pursuant to Section 15, subsection 1, legally or factually managed or managed by one person, exceeds the amount corresponding to

a) EUR 100,000,000, or

b) EUR 500,000,000,

1. if no part of this property is acquired using leverage and
2. the payment or distribution of this property to the person from whom money or money-valuable things were collected for this property cannot occur earlier than 5 years after the date of their collection.

(2) Assets of a standard fund or a comparable foreign investment fund are not included in the value of assets according to subsection 1.

(3) Articles 2 to 5 of Commission Delegated Regulation (EU) No. 231/2013 define how exceeding the decisive limit is determined. In the case of a person according to Section 15, subsection 1, for the purposes of assessing whether he exceeds the decisive limit or not, Section 196 shall be applied mutatis mutandis for the valuation of the property managed by him.

(4) For the purposes of this Act, the use of leverage means the use of any procedures leading to an increase in the exposure of an investment fund or a foreign investment fund, for example accepting a loan or loan of funds or investment instruments or investing in investment securities or money market instruments containing a derivative.

(5) For the purposes of this Act, the degree of use of the leverage effect is understood as a figure calculated as a share of the exposure of an investment fund or a foreign investment fund and the fund capital of an investment fund or a comparable amount of a foreign investment fund. For the purposes of this Act, the fund capital of an investment fund means the net value of the assets of the investment fund attributable to the shareholders, partners or members of the fund.

(6) The method of calculating the exposure of an investment fund and a foreign investment fund that is not a standard fund or a comparable foreign investment fund and that is managed by a manager authorized to exceed the decisive limit, as well as the method of calculating the degree of use of the leverage effect, are defined by Articles 6 to 11 of the Commission Regulation in delegated powers (EU) No. 231/2013. For the purposes of determining whether the decisive limit has been exceeded, the exposure of assets managed pursuant to Section 15, subsection 1, shall also be taken into account when using the leverage effect by this fund.

Section 17

Exceeding the decisive limit by a person not authorized to exceed it

(1) If a legal entity with its registered office in the Czech Republic that does not have a permit from the Czech National Bank pursuant to Section 479 or 480 authorizing it to exceed the applicable limit exceeds the applicable limit, it shall submit an application for the granting of the relevant authorization within 30 days after becoming aware or find out about exceeding the decisive limit, unless within this period it ensures that it no longer exceeds the decisive limit.

(2) If the legal entity referred to in subsection 1 submitted an application for the granting of the relevant permit before the day when it exceeded the decisive limit, subsection 1 shall apply only from the day when the proceedings on this application are legally terminated. Subsection 3 shall apply *mutatis mutandis* to this legal entity from the day it exceeded the applicable limit.

(3) If the legal entity referred to in subsection 1 submits an application for the granting of the relevant permit in accordance with the procedure according to subsection 1, it is entitled to exceed the applicable limit until the date of acquisition of legal force of the decision of the Czech National Bank on its application. For this legal entity, the provisions of this Act and the directly applicable regulation of the European Union implementing the Directive of the European Parliament and of the Council regulating managers of alternative investment funds⁶⁾, which impose obligations on the manager authorized to exceed the decisive limit, shall apply *mutatis mutandis*.

(4) If the procedure for the application for or allocation of a permit submitted by a legal entity referred to in subsection 1 ends without the relevant permit being granted, this person shall ensure that the determined limit is no longer exceeded, no later than 30 days from the date on which it is legally the proceedings on this request are over. If, after this legally concluded procedure, the same person submits a new application for the granting of a permit, subsection 3 shall not apply.

(5) If the legal entity referred to in subsection 1 exceeds the decisive limit after the expiry of the period according to subsection 1 or 4 and if it is not a case according to subsection 3, the court, at the proposal of the Czech National Bank or the person who has a legitimate interest in it, this cancels the legal entity and orders its liquidation. Before making a decision, the court will grant the legal entity a reasonable period of time to arrange redress.

TITLE II

RULES OF ACTIVITY AND MANAGEMENT

Section 18

Professional care

The manager of an investment fund or foreign investment fund is obliged to manage this fund with professional care.

Section 19

Proper and prudent performance of the activity

(1) The manager of an investment fund or a foreign investment fund performs the activity properly and prudently.

(2) To ensure proper and prudent performance of activities, the manager of an investment fund or foreign investment fund shall establish, maintain and apply a management and control system.

Section 20

Management and control system

(1) Part of the management and control system of the manager of an investment fund or a foreign investment fund are always

- a) strategic and operational management,
- b) the organizational structure and internal regulations that govern it, with a clear definition of activities, including the activities of the bodies of this manager and the committees it has established, and the powers and decision-making powers associated with them; within the framework of the organizational structure, functions whose performance is mutually incompatible are defined at the same time,
- c) the risk management system, of which it is always a part
 - 1. the manager's approach to the risks to which he or the investment fund or foreign investment fund managed by him is or may be exposed, including risks arising from the internal and/or external environment and the risk of insufficient liquidity, and
 - 2. recognizing, evaluating, measuring, monitoring, reporting and limiting risks, including taking measures leading to limiting the occurrence and/or impacts of the occurrence of risks and
- d) the internal control system, of which it is always a part
 - 1. control of subordinate employees and natural persons who carry out their activities according to the order of another (hereinafter referred to as "employee") by their superiors,
 - 2. continuous monitoring of compliance with the legal obligations stipulated in particular by this Act, the legal regulation issued on its basis, the directly applicable regulation of the European Union in the field of investment fund management²⁾, the internal regulation and the statute of the investment fund or comparable documents of the foreign investment fund (hereinafter referred to as "compliance") a
 - 3. an internal audit ensuring an independent and objective internal control of the performance of this manager's activity and submitting clear recommendations to ensure the correction of deficiencies identified in this way to the appropriate level of management.

(2) Part of the management and control system of the manager of an investment fund or foreign investment fund are the following

- a) internal and external communication system,
- b) monitoring, evaluation and updating of internal regulations,
- c) management of conflicts of interest during the performance of activities, including their detection, prevention and notification to the shareholders, partners or trustees of this fund,
- d) accounting of the manager,
- e) control of the activities of persons who are not his employees and with whom he performs his activities,
- f) ensuring the smooth performance of activities and permanent functioning of this manager on the financial market in accordance with the subject and plan of its activities,
- g) ensuring the trustworthiness and necessary knowledge and experience of the persons with whom the activity is carried out,

h) control and security measures during the processing and recording of information, including the establishment and management of networks and information systems in accordance with the directly applicable European Union regulation governing the digital operational resilience of the financial sector²⁵⁾,

i) records of transactions relating to the assets of the investment fund or foreign investment fund managed by him and control of the correctness of the recorded data; for the purposes of keeping this record, this manager is authorized to keep the social security numbers of the participants in transactions,

j) the system of remuneration of persons whose activities in the performance of their employment, profession or function have a significant influence on the risks to which they or the investment fund or foreign investment fund managed by them may be exposed, and their level, including

1. principles for determining and paying out the fixed and variable components of remuneration,
2. procedures for making remuneration decisions a
3. methods of assessing performance so that the remuneration system contributes to and is consistent with proper and effective risk management,

k) rules for using the leverage effect,

l) rules for trading instruments within the framework of securitization and

m) ensuring compliance with the rules of conduct.

(3) The management and control system of the manager of an investment fund or a foreign investment fund must be effective and comprehensive, appropriate to the nature, scope and complexity of the activities performed by it, both as a whole and in parts.

(4) The manager of an investment fund or a foreign investment fund verifies and regularly evaluates the effectiveness, completeness and adequacy of the management and control system in its entirety and in its parts and negotiates the corresponding remedy without unnecessary delay.

(5) By decree, the Czech National Bank establishes qualitative requirements for the management and control system of the manager of an investment fund or a foreign investment fund to the extent that it does not regulate the directly applicable regulation of the European Union, which implements the directive of the European Parliament and the Council regulating managers of alternative investment funds ⁶⁾.

Section 20a

Reporting mechanism

(1) The manager of an investment fund or a foreign investment fund shall establish, maintain and apply an effective mechanism for its employees to report violations or threatened violations of this Act, the legal regulations implementing it and the directly applicable regulation of the European Union in the area of investment fund management ²⁾ through a special, independent and separate communication channel.

(2) The reporting mechanism under subsection 1 includes at least

a) procedures for reporting violations or imminent violations and their evaluation,

b) the protection of a person who reports a breach or imminent breach; if the worker is at least before discrimination or other types of unfair treatment,

c) the protection of the personal data of a person who reports a breach or threatened breach, or who is

allegedly responsible for a breach or threatened breach, unless disclosure is required by national law in connection with further investigation or subsequent legal proceedings.

(3) The Czech National Bank may, by decree, establish requirements for the reporting mechanism pursuant to subsection 1.

Section 21

Personnel resources

(1) The personnel resources of the manager of an investment fund or a foreign investment fund must be adequate to the nature, scope and complexity of the activities performed by him.

(2) The manager of an investment fund or a foreign investment fund shall ensure that the persons he uses to carry out his activities are trustworthy and that they have sufficient knowledge and experience necessary for the proper performance of the tasks assigned to them, in particular knowledge of the procedures and regulations necessary for the fulfillment of their duties related to performance of this activity.

(3) The manager of an investment fund or a foreign investment fund shall ensure that the scope and nature of the activities performed by the persons referred to in subsection 2 do not impede the proper performance of individual activities.

(4) The manager of an investment fund or foreign investment fund must have at least 2 managers (Section 624) who have sufficient experience in the management of the assets on which the investment strategy (Section 93, subsection 3) of the investment fund or foreign investment fund managed by him is focused fund and with the performance of activities necessary for the proper performance of this function.

(5) If the investment strategy of an investment fund or foreign investment fund differs significantly from the investment strategy of most other investment funds or foreign investment funds managed by the same manager, the condition according to subsection 4 in relation to this fund is fulfilled even if it has if the manager of this fund has at least 2 persons who actually manage the activities of this manager in relation to this fund and have sufficient experience in managing the assets on which the investment strategy of this fund is focused, and in the performance of activities necessary for the proper performance of this function.

Section 22

Rules of conduct

(1) Manager of an investment fund or a foreign investment fund in the performance of activities

- a) does not disrupt the stability and functioning of the market,
- b) acts in a qualified, honest and fair manner and
- c) acts in the best interest of the shareholders, partners and beneficiaries of this fund.

(2) The manager of an investment fund or a foreign investment fund shall establish, maintain and apply

- a) procedures for ensuring the protection of internal information,
- b) procedures for preventing market manipulation,

- c) procedures for the economic analysis of trade benefits from reliable and up-to-date information,
- d) procedures for concluding transactions with an investment instrument by a person with a special relationship with the manager, if this person acts beyond the scope of his work duties or if he concludes a transaction
 - 1. for own account,
 - 2. on the account of a person close to her according to the Civil Code,
 - 3. to the account of a person with whom it is closely connected, or
 - 4. for the account of another person, if a person with a special relationship with the manager has a direct or indirect material interest in the result of the transaction, which is not a fee or remuneration for the execution of the transaction,
- e) rules for conducting transactions under the best conditions,
- f) rules for processing transactions fairly and without unnecessary delays,
- g) rules for combining businesses,
- h) rules for accepting, offering or providing an incentive a
- i) principles for the exercise of voting rights associated with participating securities owned by this fund.

(3) Manager of an investment fund or foreign investment fund further

- a) does not offer benefits that cannot be reliably guaranteed,
- b) makes payments without cash, unless their nature precludes it,
- c) does not carry out redundant transactions for the purpose of achieving its own profit, regardless of the best interests of shareholders, partners or investment funds managed by it or foreign investment funds,
- d) documents the method of execution of the trade and checks the correctness of the recorded information,
- e) makes every effort that can be required to ensure that the investment fund or foreign investment fund managed by it or the shareholders, partners or nominees of this fund do not incur unjustified costs,
- f) conducts transactions under the best conditions,
- g) does not accept, offer or provide an incentive that could lead to a breach of the obligation set out in subsection 1 letter b) or c),
- h) does not apply deductions, surcharges or fees directly related to the issue or redemption of securities or book-entry securities specified in the statute or in a comparable document of a standard fund or a comparable foreign investment fund, if the securities or book-entry securities issued by this fund are acquired as property or alienated from the property of another standard fund or a comparable foreign investment fund managed by managers who are members of the same concern,
- i) manages conflicts of interest, including identifying them, preventing them and notifying them to shareholders, partners, or trustees of this fund, and
- j) complies with the statute of the investment fund managed by him or a comparable document of the foreign investment fund managed by him.

(4) For the purposes of this Act, a person with a special relationship to a legal entity is understood

- a) the head of this legal entity,
- b) an employee who participates in the activities of this legal entity, or
- c) a person who directly participates in the activities, the performance of which this legal entity has entrusted another.

(5) For the purposes of this Act, incentive means a fee, reward or monetary or non-monetary benefit.

(6) The Czech National Bank establishes by decree the qualitative requirements for the procedures, rules and principles referred to in subsection 2 and the obligations referred to in subsections 1 and 3 to the extent not regulated by the directly applicable regulation of the European Union, which implements the directive of the European Parliament and the Council regulating administrators alternative investment funds ⁶⁾.

Credentials of another

Section 23

The manager of an investment fund or a foreign investment fund may entrust the performance of individual activities, which are included in the management of an investment fund or a foreign investment fund, to another only if

- a) it was notified in advance to the Czech National Bank,
- b) this does not prevent the Czech National Bank from exercising supervision over the fulfillment of the obligations of this manager established by this Act, on the basis of this Act, directly applicable regulations of the European Union in the area of management of investment funds ²⁾ or its obligations arising from the statute of the investment fund concerned or from a comparable document of the concerned foreign investment fund,
- c) this does not prevent this manager from carrying out his activities in relation to this fund properly and prudently and acting in the best interest of the shareholders, partners or beneficiaries of this fund,
- d) it is ensured that this manager can control and with his orders influence the performance of this activity by the authorized person,
- e) it is ensured that he can cancel this authorization with immediate effect if it is in the interest of the shareholders, partners or beneficiaries of this fund,
- f) he is able to justify this authorization, including in relation to other authorizations for the performance of an individual activity, which includes the management of this fund, and in relation to the authorization of another action from this activity,
- g) is able to certify that the person to be authorized meets the conditions according to Section 25 and that this authorization was preceded by careful selection, and
- h) the statute or a comparable document of this fund defines this activity as an activity whose performance can be entrusted to another.

Section 24

(1) If the manager of an investment fund or a foreign investment fund entrusts another with the performance of an individual activity, which includes the management of an investment fund or a foreign investment fund, he shall introduce, maintain and apply appropriate measures to manage the associated risks and regularly check the performance of this activity.

(2) By entrusting another person with the performance of an individual activity according to subsection 1, the obligation of the manager of an investment fund or a foreign investment fund to compensate for damage caused by a breach of his obligation set forth in this Act, on the basis of this Act, in relation to third parties, remains unaffected by the directly applicable regulations of the European Union in the field of management of investment funds ²⁾ or his obligations arising from the statute of the investment fund in question or from a comparable document of the foreign investment fund in question.

Section 25

(1) The manager of an investment fund or a foreign investment fund may entrust the performance of individual activities, which are included in the management of an investment fund or a foreign investment fund, only to

- a) who has the necessary material, organizational and personnel prerequisites for the performance of this activity,
- b) whose managers are trustworthy and have the necessary knowledge and experience to perform this activity,
- c) who has business or other authorization to perform this activity,
- d) who observes the rules of prudence, which are comparable to the rules of prudence under the law of the European Union, and is subject to the supervision of the supervisory authority of the state in which it has its seat,
- e) who is not the depositary of this fund or a person authorized to perform the activities of this depositary
a
- f) who cannot have a conflict of interests between him and the manager or between him and the common interests of the investors of the fund in question.

(2) The manager of an investment fund or a foreign investment fund may entrust the performance of individual activities, which include the management of an investment fund or a foreign investment fund, to a person with headquarters or residence in a state that is not a member state, only if cooperation between the Czech National Bank is ensured and the supervisory authority of another state in which this person has its seat or residence.

(3) The manager of an investment fund or a foreign investment fund may entrust the performance of individual activities, which include the management of a fund of qualified investors or a comparable foreign investment fund, even to a person who does not meet the requirement according to subsection 1 letter d), if he notifies the Czech National Bank no later than 1 month before the date on which the authorization is effective, the data on who is to be authorized to perform this activity, and at the same time provides it with the information necessary to assess the fulfillment of the requirements according to Section 23, and the Czech National Bank does not understand this administrator within 1 month from the day on which she received this notification that she does not agree with this authorization.

(4) A manager authorized to exceed the decisive limit may entrust the performance of individual

activities, which include the management of an investment fund that is not a standard fund, or a comparable foreign investment fund, even to those who do not meet the requirement according to subsection 1 letter f), if the person who is to be entrusted with the performance of this activity,

a) has established organizational prerequisites ensuring proper, independent and impartial control of the performance of this activity,

b) has functionally and hierarchically separated the performance of this activity from its other activities in which there is a risk of a conflict of interests, and

c) establishes, maintains and applies procedures for the management of conflicts of interest according to letter b), including their detection, prevention and notification to the shareholders, partners or the trustees of this fund.

Section 26

Authorization of another authorized person

(1) Whoever has been entrusted by the manager of an investment fund or a foreign investment fund with the performance of an individual activity, which includes the management of an investment fund or a foreign investment fund, may entrust the performance of an act or certain acts from this activity to another, only if

a) this manager agrees to this in advance,

b) this was notified in advance to the Czech National Bank and

c) the conditions laid down in Section 23 and 25 are similarly met.

(2) Whoever has been entrusted by the manager of an investment fund or a foreign investment fund with the performance of an individual activity, which includes the management of an investment fund or a foreign investment fund, regularly checks the performance of the act or acts from this activity, the performance of which or the performance of which he has entrusted to another in accordance with subsection 1.

(3) Whoever has been entrusted with the performance of an act or certain acts from an activity according to subsection 1, may further entrust the performance of it or their performance to another person, if the conditions set out in subsection 1 letter a) and b), subsections 2 and in Section 23 and 25.

Section 27

Relationship to European Union law

Articles 13, 16 to 25, 27 to 58, 60 to 64, 66 and 75 to 82 of the directly applicable regulation of the European Union implementing the Directive of the European Parliament and the Council regulating managers of alternative investment funds define the further obligation of the manager authorized to exceed the decisive limit ⁶⁾.

Section 28

Manager of qualified investors' funds and comparable foreign investment funds not authorized to exceed the decisive limit

Articles 7 to 10 of Regulation (EU) of the European Parliament and Council (EU) No. 345/2013, as amended, shall apply mutatis mutandis to Section 20 subsection 2 for the manager's body, which is

not authorized to exceed the decisive limit, which only manages funds of qualified investors and comparable foreign investment funds letter j), Section 20a, Section 20 subsection 5, Section 22 subsection 6 and Section 23 to 27 do not apply.

TITLE III

CAPITAL REQUIREMENTS

Section 29

Initial capital requirements

(1) The initial capital must be at least an amount equivalent to EUR 125,000 if it is an initial capital

- a) an investment company that manages a standard fund or a comparable foreign investment fund,
- b) an investment company authorized to exceed the decisive limit, which is not an investment company according to letter a), a
- c) foreign persons with a permit according to Section 481, which is not comparable to a self-managed investment fund.

(2) The initial capital must be at least an amount corresponding to EUR 300,000, if it is an initial capital

- a) self-managed investment fund, which is a standard fund,
- b) a self-managed investment fund authorized to exceed the decisive limit, which is not a self-managed investment fund according to letter a), and
- c) foreign persons with a permit according to Section 481, which is comparable to a self-managed investment fund.

(3) Initial capital of an investment company not listed in subsection 1 letter a) or b) and a self-managed investment fund not mentioned in subsection 2 must amount to at least an amount corresponding to EUR 50,000.

(4) Initial capital for the purposes of this Act means the sum

- a) paid-in share capital (subscribed share capital),
- b) paid issue premium,
- c) paid additional fee outside the share capital,
- d) compulsory reserve funds,
- e) other reserve funds created from profit after taxation, with the exception of purpose-created reserve funds, and
- f) the difference between retained earnings from previous periods, stated in the financial statements verified by the auditor and approved by the general meeting, the distribution of which was not decided by the general meeting, and unpaid losses from previous periods, including losses for past accounting periods.

Section 30

Minimum amount of capital

(1) The investment company referred to in Section 29 subsection 1 letter a) or b) self-managed investment fund referred to in Section 29 subsection 2 letter a) or b), and a foreign person referred to in Section 29 subsection 1 letter c) or Section 29 subsection 2 letter c) continuously maintains capital at least in the amount according to Article 13 of Regulation (EU) 2019/2033 of the European Parliament and of the Council²⁰.

(2) If the person referred to in subsection 1 did not carry out his activities for the entire previous accounting period, the planned administrative costs and depreciation according to his business activity plan are used for the calculation according to subsection 1.

(3) The capital of an investment company, a self-managed investment fund and a foreign person with a permit pursuant to Section 481 may not fall below the minimum amount of initial capital specified in Section 29, subsection 1, 2 or 3, throughout its duration.

(4) The basis for determining the amount of capital for the purposes of determining whether the amount of capital meets the requirements under subsections 1 and 3 is the paid-up share capital, to which are added, in particular, mandatory reserve funds, share premium and retained earnings from previous periods and from which in particular, the value of intangible assets and unreimbursed losses from previous periods are deducted.

(5) The Czech National Bank shall establish by decree the rules for determining the amount of capital pursuant to subsection 4.

Section 31

Capital increase

(1) An investment company referred to in Section 29 subsection 1 letter a) increases the capital in accordance with Section 30 subsections 1 and 3 by at least an amount equal to 0.02% of the sum of the assets of the investment funds managed by it and foreign investment funds exceeding the amount corresponding to EUR 250,000,000, but at most to the amount corresponding to 10,000 000 EUR.

(2) The amount by which the investment company increases its capital pursuant to subsection 1 may be covered up to 50% by a guarantee from a bank, foreign bank or insurance company that has its registered office in a state that requires compliance with prudential rules under European Union law or rules, which the Czech National Bank considers equivalent.

(3) Investment funds and foreign investment funds that are managed by an investment company are included in the calculation according to subsection 1, regardless of whether it has entrusted someone else with the performance of activities that are included in their management, but not investment funds and foreign investment funds that was entrusted to others with the performance of the activity that includes their management.

(4) For the investment company referred to in Section 29 subsection 1 letter b) self-managed investment fund referred to in Section 29 subsection 2 letter a) or b), and a foreign person referred to in Section 29 subsection 1 letter c) or Section 29 subsection 2 letter c) in relation to investment funds managed by it, which are not a standard fund, and comparable foreign investment funds, subsections 1 to 3 shall apply mutatis mutandis.

(5) An investment company referred to in Section 29 subsection 1 letter b) and a foreign person

with a permit according to Section 481 referred to in Section 29 subsection 1 letter c) must further

a) to increase, in accordance with Articles 12 and 14 of Commission Delegated Regulation (EU) No. 231/2013, the capital pursuant to Section 30 subsections 1 and 3 and subsection 1 by an amount corresponding to the risk of damage in connection with the management of investment funds which are not a standard fund, and comparable foreign investment funds, or

b) in accordance with Articles 12 and 15 of Commission Delegated Regulation (EU) No. 231/2013, be insured in the event of an obligation to compensate for damage arising in connection with the management of investment funds that are not a standard fund and comparable foreign investment funds.

(6) For the self-managed investment fund referred to in Section 29 subsection 2 letter b) and for a foreign person with a permit according to Section 481 referred to in Section 29 subsection 2 letter c), if it is his or her own management, subsection 5 shall apply accordingly.

Section 32

Location of capital

(1) The capital of an investment company authorized to exceed the decisive limit and the capital of a foreign person with a permit according to Section 481, which is not comparable to a self-managed investment fund, referred to in Section 30 and 31, can only be placed in a liquid asset in the legal sense (hereinafter referred to as "the asset"), whose conversion into cash is possible in a short time, while this matter does not contain a speculative element.

(2) Assets by which the capital of a self-managed investment fund authorized to exceed the decisive limit or the capital of a foreign person with a permit pursuant to Section 481, which is comparable to a self-managed investment fund, was increased pursuant to Section 31 subsection 5 letter a).

TITLE IV

PROVISION OF INVESTMENT SERVICES

Section 33

(1) If the manager of an investment fund or a foreign investment fund in the Czech Republic carries out the activities specified in Section 11 subsection 1 letter c) to f) for another

a) when performing these activities, must meet the same prerequisites as a stockbroker when providing an investment service consisting in the management of the customer's assets in accordance with the law regulating business on the capital market, and this is proportionate to the scope, complexity and nature of the activities performed by it as specified in Section 11 subsection 1 letter c) to f), in particular, in relation to these activities, it will introduce rules for the prudent provision of investment services, including rules for the performance of securities dealer activities by an authorized person and rules for the protection of customer assets, and

b) performs these activities for another with professional care and similarly observes the provisions of the Act governing business on the capital market regarding the provision of the same investment services by a securities dealer, in particular the provisions governing

1. stock trader's diary,
2. the expertise of the persons with whom the securities trader carries out its activities,
3. dealings of the securities trader with customers,
4. tied representatives of securities traders,
5. Guarantee fund of securities traders in relation to the activity referred to in Section 11

subsection 1 letter c) or d) a

6. information obligations of the securities trader, with the exception of trade reporting.

(2) If the manager of an investment fund or a foreign investment fund in the Czech Republic carries out the activity specified in Section 11 subsection 1 letter c) for another, may not, without the customer's prior express consent to such conduct, invest his property in share certificates or participating securities issued by an investment fund or foreign investment fund managed by him or use this property to otherwise make the customer a shareholder, partner, a person who increased the fund's assets by contract, or the founder of an investment fund or foreign investment fund managed by him.

CHAPTER V

OBLIGATIONS RELATING TO EXCEEDING CERTAIN SHARES IN VOTING RIGHTS OF CERTAIN LEGAL ENTITIES

Section 34

Disclosure of certain information to shareholders, partners or fund trustees

(1) A manager authorized to exceed the decisive limit, which in relation to shares in voting rights relating to the assets of investment funds managed by him, which are not standard funds, or comparable foreign investment funds, has exceeded a share of 50% of all voting rights of a legal entity, whose participating securities are not accepted for trading on a European regulated market, and

a) which meets at least 2 of the following 3 criteria:

1. the total number of employees in employment is at least 250,
2. net annual turnover corresponding to the amount of at least EUR 50,000,000 according to the latest financial statements, or
3. the total amount of assets corresponding to the amount of at least EUR 43,000,000 according to the latest financial statement, or

b) whose exclusive activity is not the acquisition, alienation or management of real estate or the rights associated with the ownership of real estate,

of this share is made available to the shareholders, associates or contemplated persons of this fund.

(2) The manager referred to in subsection 1 shall ensure that the following information is made available to shareholders, partners or nominees of the fund in question within the period in which the annual report of this fund is to be made available to them:

a) objective evaluation of the business development of the controlled legal entity in the accounting period,

b) a description of all significant events that concern the controlled legal entity and that occurred after the end of the accounting period,

c) data on the expected future development of the controlled legal entity's business a

d) data on the acquisition of own shares of a controlled legal entity to the extent resulting from the law governing the legal relations of commercial companies and cooperatives, if this legal entity is a joint stock company, or data on the acquisition of own participating securities by this entity to a comparable extent, if this is a foreign person comparable to a joint-stock company.

(3) The manager does not fulfill the obligation according to subsection 2 if he proceeds according to Section 234 subsection 2 letter d). The manager chooses whether to proceed according to

subsection 2 or Section 234 subsection 2 letter d).

(4) For the purposes of calculating the share of voting rights pursuant to subsection 1, voting rights relating to the assets of investment funds managed by it, which are not a standard fund, or of comparable foreign investment funds, or comparable foreign investment funds, are included in the manager's share, regardless of whether they are exercised, and voting rights from participating securities or shares,

- a) possessed by another person acting in concert with the manager,
- b) which the manager has the possibility to temporarily perform on the basis of a bribery contract,
- c) which were provided to the manager or the fund managed by him as collateral,
- d) to which the manager or the fund managed by him has a lifetime usufruct right,
- e) which the manager manages, manages or is stored with him, if he has not been given special instructions by the owner regarding voting,
- f) which has the possibility to be executed by another person on behalf of the manager or the fund managed by him,
- g) which are exercised by the manager on the basis of a power of attorney, if he can exercise these rights at his discretion and if he has not been given special instructions regarding voting by the principal, or
- h) which the manager is entitled to acquire by unilateral expression of will.

(5) For the purposes of this Act, a controlled legal entity is a legal entity whose voting rights have been exceeded in the manner and in the amount specified in subsection 1 or in Section 35 subsection 3.

Section 35

Disclosure of certain information to the controlled legal entity and its associates

(1) The manager referred to in Section 34, subsection 1, shall ensure without undue delay, after he learns or could learn about the excess of the share, that the controlled legal entity and its partners, whose identity and address are known to him or whose identity and address he can learn from this legal entity or from the public register, data were made available

- a) on exceeding the share,
- b) on the date on which the share was exceeded,
- c) on the resulting share in the voting rights of the controlled legal entity,
- d) data necessary to identify participating partners and persons authorized to exercise voting rights on their behalf; if possible, they will supplement these data with a graphic representation of the relationships between the persons through whom the voting rights are exercised and data on other conditions that led to the excess of the share,
- e) on the intentions of the manager in relation to the future development of the activity of the controlled legal entity and their impact on its employees, especially with regard to the prospect of a possible significant change in the working conditions of its employees,

- f) data necessary to identify the manager and possibly other persons with whom he acts in concert,
- g) on the management of conflicts of interest, including their detection and prevention, in particular between the manager, the fund in question and the controlled legal entity, including data on specific measures to ensure that the contracts concluded by this manager and the controlled legal entity are not significantly unbalanced, and
- h) on the procedures governing the internal and external communication of the controlled legal entity, especially in relation to its employees or their representatives.

(2) Data according to subsection 1 letter a) to d) must be made available no later than 10 working days after the manager referred to in Section 34, subsection 1 learns or could have learned about the share being exceeded.

(3) For a manager authorized to exceed the decisive limit, which in relation to shares in voting rights relating to the assets of investment funds managed by him, which are not a standard fund, or comparable foreign investment funds, has reached or exceeded a share of 30% of all voting rights legal entities whose issued participating securities are accepted for trading on a European regulated market, if it is a legal entity with its seat in the Czech Republic, or in the amount of a comparable decisive limit established under the law of another member state for the purposes of mandatory takeover bids, if it is for a legal entity based in this other member state, with subsection 1, with the exception of letter a) to e), shall apply accordingly.

(4) For the calculation of the share of voting rights according to subsection 3, Section 34 subsection 4 shall be applied *mutatis mutandis*.

Section 36

Disclosure of certain information to employees of the controlled legal entity or their representatives

(1) The manager referred to in Section 34 subsection 1 when making information available pursuant to Section 35 subsection 1 letter a) to e) of the controlled legal person, the statutory body of this person requests that this body make available to the employees of this person or their representatives, without undue delay, the data referred to in Section 35 subsection 1 letter a) to e), and within its possibilities, it will ensure that the statutory body fulfills this obligation.

(2) The manager referred to in Section 34 subsection 1 or Section 35 subsection 3 when making available the information referred to in Section 35 subsection 1 letter f) to h) of the controlled legal entity, the statutory body of this person requests that this body make available to the employees of this person or their representatives, without undue delay, the data referred to in Section 35 subsection 1 letter f) to h), and within its possibilities, it will ensure that the statutory body fulfills this obligation.

(3) The manager referred to in Section 34, subsection 1 shall request the statutory body of the controlled legal entity that this body, within the period in which the annual report of this person must be drawn up according to the relevant legal regulations, make available to the employees of this person or their representatives the annual report of this person containing the data specified in Section 34, subsection 2, and will ensure, within its possibilities, that the statutory body fulfills this obligation.

(4) The manager does not fulfill the obligation according to subsection 3, if he proceeds according to Section 234 subsection 2 letter d) in such a case, the manager referred to in Section 34 subsection 1 requests the statutory body of the controlled legal entity that this body, within the period in which the annual report of the fund in question is to be made available to its shareholders, partners or nominees, makes available to the employees of this person or their representatives the data specified in Section 34, subsection 2, and will ensure, within its possibilities, that the statutory body fulfills this

obligation.

(5) For the purposes of this Act, employee representative means a trade union, a staff council, a representative for occupational health and safety or employee representatives under the law of a foreign country.

Section 37

Prevention of certain dispositions with the property of the controlled legal entity

(1) The manager referred to in Section 34, subsection 1 or Section 35, subsection 3 shall prevent, for a period of 24 months from the day when the share of voting rights pursuant to Section 34, subsection 1 or Section 35, subsection 3, was reached or exceeded,

- a) distribution of profit or other own resources of the controlled legal entity among its partners,
- b) reduction of the registered capital of the controlled legal entity, or a reduction of a comparable amount, if it is a legal entity based abroad, and
- c) acquisition of shares in the share capital, of a comparable amount, in the case of a legal entity based abroad, or the voting rights of a controlled legal entity in its assets.

(2) The provisions of subsection 1 letter a) applies only if

- a) the value of the assets less the liabilities of the controlled legal entity determined according to the last regular financial statements is lower, or would be lower as a result of this distribution, than the amount of the share capital, or a comparable amount, if it is a legal entity based abroad,
 - 1. increased by that part of the reserve funds or those reserve funds that cannot be used to pay its partners, and
 - 2. reduced by the unpaid share capital, or a comparable amount, if it is a legal entity with its registered office abroad, which is not included in the assets of the balance sheet, or
- b) the amount to be distributed among the partners exceeds the amount of the economic result of the last completed accounting period
 - 1. increased by retained earnings from previous periods and by payments from reserve funds designated for this purpose, and
 - 2. reduced by losses from previous periods and allocations to reserve and other funds in accordance with the law and the articles of association of the controlled legal entity.

(3) Provisions of subsection 1 letter b) is only used if the reduction of the share capital or a comparable amount for the purpose of covering a loss or for the purpose of transferring to a reserve fund and covering a future loss and the amount of these reserve funds exceeds 10% of the reduced share capital or a reduced comparable amount.

(4) The provisions of subsection 1 letter c) is used only if this acquisition, including shares already owned by this person and shares held by others on its behalf, would lead to a decrease in the value of the property, reduced by the liabilities of this legal person, below the amount of its share capital, or a comparable amount, if it is a legal entity based abroad,

- a) increased by those parts of reserve funds or those reserve funds that cannot be used to pay its partners, and
- b) reduced by the unpaid share capital, or a comparable amount, if it is a legal entity with its registered office abroad, which is not included in the assets of the balance sheet.

PART THREE
ADMINISTRATOR

TITLE I

ADMINISTRATION AND ADMINISTRATOR

Chapter 1

Basic provision

Section 38

Administration

(1) The administration of an investment fund or a foreign investment fund in relation to this fund includes the following activities:

- a) bookkeeping,
- b) provision of legal services,
- c) compliance and internal audit,
- d) handling complaints and claims of investors,
- e) valuation of his property and debts,
- f) calculation of the current value of the security and the book-entry security issued by this fund,
- g) performance of obligations relating to taxes, fees or other similar monetary performance,
- h) maintaining a list of owners of securities and book-entry securities issued by this fund,
- i) distribution and payment of income from the assets of this fund,
- j) ensuring the issuance, exchange and redemption of securities and book-entry securities issued by this fund,
- k) drawing up and updating the annual report and half-yearly report of this fund,
- l) drawing up and updating the communication of key information of this fund or a comparable document according to the law of a foreign country and implementing its changes,
- m) preparation of a promotional communication regarding this fund,
- n) publishing, making available and providing data and documents to shareholders, trustees or associates of this fund and other persons,
- o) reporting data and providing documents, especially to the Czech National Bank or the supervisory authority of another member state,

p) performance of other activities related to the management of values in the property of this fund, for example

1. the performance of consulting activities regarding the capital structure, industrial strategy and related issues to persons in whom this fund has an ownership interest,
2. provision of services related to the transformation of business companies or the transfer of business plants to persons in which this fund has an equity interest, and
3. maintenance of individual items in the property of this fund,

q) distribution and payment of monetary benefits in connection with the cancellation of this fund,

r) keeping records on the issuance and redemption of securities and book-entry securities issued by this fund,

s) safekeeping of securities and keeping records of book-entry securities issued by this fund,

t) offering investments in this fund,

u) other activities directly related to the activities listed in letters a) to t).

(2) The activities referred to in subsection 1 letter c) and a) is performed by the administrator of an investment fund or a foreign investment fund in relation to this fund only if it is stipulated in the administration contract.

(3) The administration of an investment fund or a foreign investment fund also includes the administration of its sub-funds or comparable facilities. Where this Act uses the term "administration of an investment fund or foreign investment fund", it also means the administration of its sub-funds or comparable facilities. Where this Act uses the term "investment fund or foreign investment fund administrator", it also means the administrator of its sub-funds or comparable facilities. All sub-funds of one investment fund must have the same administrator.

(4) No one may carry out the administration of an investment fund without a permit granted by the Czech National Bank pursuant to this Act, unless this Act or another legal regulation provides otherwise.

Section 39

Requirement for other business authorizations

(1) Individual activities, which include the administration of an investment fund or a foreign investment fund, can also be carried out on the basis of a different authorization than the relevant authorization granted by the Czech National Bank pursuant to this Act; however, the activities carried out in this way are not the administration of an investment fund or a foreign investment fund.

(2) No other authorization is required to carry out the administration of an investment fund or a foreign investment fund by a person with the relevant permission granted by the Czech National Bank pursuant to this Act.

(3) To carry out activities according to Section 38 subsection 1 letter s), by a person who is not authorized to administer an investment fund or a foreign investment fund, a permit is required to provide the investment service of safekeeping and management of investment instruments, including related services, or a permit to carry out activities pursuant to Section 11 subsection 1 letter d).

(4) To carry out activities according to Section 38 subsection 1 letter t), by a person who is not authorized to administer an investment fund or a foreign investment fund, a permit is required to provide

the investment service of receiving and transmitting instructions regarding investment instruments or a permit to carry out activities pursuant to Section 11 subsection 1 letter e).

(5) For the performance of individual activities, which include the administration of an investment fund or foreign investment fund, by the manager in relation to the investment funds or foreign investment funds managed by him, a permit pursuant to subsection 3 or 4 is not required, regardless of whether the manager is their administrator or whether the manager is authorized by the administrator to perform such activities. If the manager of an investment fund or a foreign investment fund carries out activities pursuant to Section 38 subsection 1 letter t) without permission according to subsection 4, must perform this activity with professional care.

(6) Those who are authorized to perform the administration of special funds may also perform individual activities that include the administration of standard funds or comparable foreign investment funds.

Section 40

Administrator

(1) Whoever performs the administration of an investment fund or a foreign investment fund for the account of this fund is its administrator. Each investment fund can only have one administrator.

(2) Only its manager can be the administrator of a standard fund.

(3) An investment fund with legal personality may not administer another investment fund or a foreign investment fund.

Section 41

Main administrator

The main administrator is a legal entity based in the Czech Republic, which, based on a permit granted by the Czech National Bank, is authorized to administer an investment fund or a foreign investment fund, while it is not authorized to manage investment funds or foreign investment funds.

Chapter 2

Business authorization

Section 42

Main administrator's business

(1) The main administrator may administer investment funds that are not a standard fund or comparable foreign investment funds or perform individual activities that include the administration of an investment fund or foreign investment funds only to the extent specified in the permit granted by the Czech National Bank.

(2) The main administrator, who is not a bank or a securities dealer, may only perform activities directly related to the management of his own property as an entrepreneur.

Section 43

Business authorization

(1) The right to administer investment funds and foreign investment funds arises from legal entities registered in the commercial register

a) on the date of acquisition of legal force of the decision of the Czech National Bank on the granting of an activity permit

1. investment companies according to Section 479,
2. self-managed investment fund according to Section 480,
3. foreign persons according to Section 481, or
4. the main administrator according to Section 482,

b) on a later date, which is specified in the statement part of the decision referred to in letter a), or

c) the day when this authorization is entered in the commercial register, if it is an investment fund referred to in Section 9 subsection 1.

(2) The right to administer an investment fund or from a foreign investment fund arises to a legal entity that is not registered in the commercial register and that the Czech National Bank has granted a permit in accordance with Sections 479, 480, 481 or 482 or entered in the relevant list in accordance with Section 513, on its registration in the commercial register.

Section 44

Administration of an investment fund by a foreign person

(1) A foreign person referred to in Section 14, subsection 1, may administer the standard fund that it manages.

(2) A foreign person referred to in Section 14, subsection 2, who is domiciled in a member state, may administer the special fund that he manages or the qualified investors' fund that he manages.

(3) Sections 47, 48 and 50 to 53 shall not apply to the foreign person referred to in subsection 1 or 2, if he administers the investment fund.

TITLE II

RULES OF ACTIVITY AND MANAGEMENT

Section 45

Professional care

The administrator of an investment fund or foreign investment fund is obliged to carry out the administration of this fund with professional care.

Section 46

Proper and prudent performance of the activity

(1) The administrator of an investment fund or a foreign investment fund performs his activities properly and prudently.

(2) To ensure proper and prudent performance of activities, the administrator of an investment fund or foreign investment fund shall establish, maintain and apply a management and control system.

Section 47

Management and control system

(1) They are always part of the management and control system of the administrator of an investment fund or a foreign investment fund

- a) strategic and operational management,
- b) the organizational structure and internal regulations that regulate it, with a clear definition of activities, including the activities of the bodies of this administrator and the committees that he established, and their associated powers and decision-making powers; within the framework of the organizational structure, functions whose performance is mutually incompatible are defined at the same time,
- c) a risk management system, which always includes the administrator's approach to the risks to which he is or may be exposed, including risks arising from the internal and/or external environment, and the recognition, evaluation, measurement, monitoring, reporting and limitation of risks, including the adoption of measures leading to limitation occurrence and/or impacts of the occurrence of risks and
- d) the internal control system, of which it is always a part
 - 1. control of subordinate workers by their superiors,
 - 2. compliance a
 - 3. an internal audit ensuring an independent and objective internal control of the performance of the administrator's activities and the performance of the manager's activities in relation to the investment fund or foreign investment fund whose administration is performed, and the submission of clear recommendations to ensure the correction of deficiencies identified in this way to the appropriate level of management.

(2) The management and control system of the administrator of an investment fund or a foreign investment fund includes the following

- a) internal and external communication system,
- b) monitoring, evaluation and updating of internal regulations,
- c) management of conflicts of interest during the performance of activities, including their detection, prevention and notification to the shareholders, partners or trustees of this fund,
- d) handling complaints and claims of unitholders or shareholders of a collective investment fund, whose administration is carried out, or persons in a comparable position of a comparable foreign investment fund, whose administration is carried out,
- e) keeping the accounts of the investment fund or foreign investment fund, the administration of which is carried out, including the accounting of the property of this fund and the keeping of accounts of this administrator,
- f) control of the activities of persons who are not his employees and with whom he performs his activities,
- g) ensuring the smooth performance of activities and permanent functioning of this administrator on the financial market in accordance with the subject and plan of his activities,
- h) ensuring the trustworthiness and necessary knowledge and experience of the persons with whom it performs its activities,

i) control and security measures during the processing and recording of information, including the establishment and management of networks and information systems in accordance with the directly applicable European Union regulation governing the digital operational resilience of the financial sector²⁵),

j) records of the subscription, issue and redemption of securities and book-entry securities issued by an investment fund or a foreign investment fund whose administration is carried out,

k) procedures for valuing the assets and debts of the investment fund or the foreign investment fund it administers, and

l) ensuring compliance with the rules of conduct.

(3) The management and control system of the administrator of an investment fund or a foreign investment fund must be effective and comprehensive and proportionate to the nature, scope and complexity of the activities carried out by him in its entirety and in parts.

(4) The administrator of an investment fund or a foreign investment fund verifies and regularly evaluates the effectiveness, integrity and adequacy of the management and control system in its entirety and in its parts and arranges for the corresponding remedy without unnecessary delay.

(5) By decree, the Czech National Bank establishes qualitative requirements for the management and control system of an administrator of an investment fund or a foreign investment fund to the extent that it does not regulate the directly applicable regulation of the European Union, which implements the directive of the European Parliament and the Council regulating the administrator of alternative investment funds ⁶⁾.

Section 47a

Reporting mechanism

The administrator of an investment fund or a foreign investment fund shall establish, maintain and apply a reporting mechanism in accordance with Section 20a.

Section 48

Personnel resources

(1) The personnel resources of the administrator of an investment fund or a foreign investment fund must be adequate to the nature, scope and complexity of the scope of activities carried out by him.

(2) The administrator of an investment fund or a foreign investment fund shall ensure that the persons he uses to carry out his activities are trustworthy and that they have sufficient knowledge and experience necessary for the proper performance of the tasks assigned to them, in particular knowledge of the procedures and regulations necessary for the proper performance of their duties related to with the performance of this activity.

(3) The administrator of an investment fund or a foreign investment fund shall ensure that the scope and nature of the activities performed by the persons referred to in subsection 2 do not impede the proper performance of individual activities.

(4) The administrator of an investment fund or foreign investment fund must have at least 2 managers who have sufficient experience in the performance of activities necessary for the proper performance of this function.

Section 49

Rules of conduct

(1) The administrator of an investment fund or foreign investment fund acts in the performance of activities

- a) qualified, honest and fair a
- b) in the best interest of the shareholders, partners and beneficiaries of this fund.

(2) The administrator of an investment fund or a foreign investment fund shall establish, maintain and apply

- a) procedures for informing about an executed instruction to issue or redeem a security or a book-entry security issued by this fund and
- b) rules for accepting, offering or providing an incentive.

(3) The administrator of an investment fund or a foreign investment fund further

- a) properly ensures the issuance and redemption of securities and book-entry securities issued by this fund and informs the owners of these securities or book-entry securities as a result,
- b) does not offer benefits that cannot be reliably guaranteed,
- c) makes payments without cash, unless their nature precludes it,
- d) does not spread incorrect or misleading information,
- e) makes every effort that can be required to ensure that the investment fund or the foreign investment fund it administers, as well as the shareholders, partners or nominees of this fund, do not incur unjustified costs, in particular, it handles the complaint or claim of a shareholder or shareholder of a collective investment fund or a comparable foreign investment fund free of charge fund,
- f) does not accept, offer or provide an incentive that may lead to a breach of the obligation set out in subsection 1,
- g) does not apply deductions, surcharges or fees directly related to the issue or redemption of securities or book-entry securities specified in the statute or in a comparable document of a standard fund or a comparable foreign investment fund, if the securities or book-entry securities issued by this fund are acquired as property or alienated from the property of another standard fund or a comparable foreign investment fund of the managed manager by persons who are members of the same concern,
- h) manages conflicts of interest, including identifying them, preventing them and notifying them to the shareholders, associates or other members of this fund,
- i) complies with the statute of the investment fund or a comparable document of the foreign investment fund it administers,
- j) complies with Section 1843 of the Civil Code establishing information obligations in connection with the conclusion of a contract for financial services.

(4) The Czech National Bank shall establish by decree the qualitative requirements for the

procedures and rules referred to in subsection 2 and the obligations referred to in subsections 1 and 3 to the extent not regulated by the directly applicable regulation of the European Union, which implements Directive e of the European Parliament and the Council regulating managers of alternative investment funds funds⁶⁾.

Credentials of another

Section 50

The administrator of an investment fund or of a foreign investment fund may entrust the performance of individual activities, which include the administration of the investment fund or foreign investment fund, to another only if

- a) it was notified in advance to the Czech National Bank,
- b) the manager of this fund agrees with this,
- c) this does not prevent the Czech National Bank from supervising the fulfillment of the obligations of the manager of this fund and this administrator established by this law, on the basis of this law, directly applicable regulations of the European Union in the area of management of investment funds ²⁾ or the fulfillment of their obligations arising from the statute of the investment fund in question or from a comparable document of the foreign investment fund in question,
- d) this does not prevent the manager of this fund and this administrator from carrying out their activities in relation to this fund properly and prudently and acting in the best interest of the shareholders, partners or beneficiaries of this fund,
- e) it is ensured that the administrator of this fund can control and with his orders influence the performance of this activity by the authorized person,
- f) it is ensured that the administrator of this fund can cancel this authorization with immediate effect if it is in the interest of the shareholders, partners or beneficiaries of this fund, and
- g) the statute or a comparable document of this fund defines this activity as an activity whose performance can be entrusted to another.

Section 51

(1) If the administrator of an investment fund or a foreign investment fund entrusts another with the performance of an individual activity that includes the administration of an investment fund or a foreign investment fund, he shall introduce, maintain and apply appropriate measures to manage the associated risks and regularly check the performance of this activity.

(2) By entrusting another person with the performance of an individual activity according to subsection 1, the obligation of the administrator of an investment fund or a foreign investment fund in relation to third parties to compensate for damage caused by a breach of his obligation established by this Act, on the basis of this Act or by a directly applicable regulation of the European Union in the field of management, remains unaffected of investment funds ²⁾ or his obligations arising from the statute of the investment fund in question or from a comparable document of the foreign investment fund in question.

Section 52

The administrator of an investment fund or a foreign investment fund can entrust the execution of individual activities, which are included in the administration of an investment fund or a foreign

investment fund, only to

- a) who has the necessary material, organizational and personnel prerequisites for the performance of this activity,
- b) whose managers are trustworthy and have the necessary knowledge and experience to perform this activity and
- c) who has business or other authorization to perform this activity.

Section 53

Authorization of another authorized person

(1) Whoever has been entrusted by the administrator of an investment fund or a foreign investment fund with the performance of an individual activity, which includes the administration of an investment fund or a foreign investment fund, may entrust the performance of an act or certain acts from this activity to another, if

- a) the manager of this fund agrees to this in advance,
- b) this was notified in advance to the Czech National Bank and
- c) the conditions laid down in Section 50 and 52 are similarly met.

(2) Whoever has been entrusted by the administrator of an investment fund or a foreign investment fund with the performance of an individual activity, which includes the administration of an investment fund or a foreign investment fund, regularly checks the performance of the act or acts from this activity, the performance of which or the performance of which he has entrusted to another pursuant to subsection 1.

(3) Whoever has been entrusted by the administrator of an investment fund or a foreign investment fund pursuant to subsection 1 with the performance of an act or some acts from the activity included in the administration of this fund, may further entrust his or their performance to another, if the conditions set out in subsection 1 letter a) and b), subsections 2 and in Section 50 and 52.

Section 54

Record keeping

(1) The administrator of an investment fund or a foreign investment fund shall ensure record keeping

- a) securities taken over for safekeeping and book-entry securities issued by an investment fund or a foreign investment fund whose administration it performs, and
- b) on the issuance and redemption of securities and book-entry securities issued by an investment fund or a foreign investment fund whose administration it performs.

(2) The administrator of an investment fund or a foreign investment fund is authorized to keep the social security numbers of the participants in transactions for the purpose of keeping records in accordance with subsection 1.

(3) Records according to subsection 1 are kept in electronic form.

Section 55

Relationship to European Union law

Articles 16 to 24, 26, 57 to 62 and 65 to 82 of Commission Delegated Regulation (EU) No. 231/2013 further define the obligation of the administrator of a special fund, a fund of qualified investors or a comparable foreign investment fund managed by a manager authorized to exceed the decisive limit.

Section 56

Administrator of funds of qualified investors and comparable foreign investment funds managed by a manager not authorized to exceed the decisive limit

For the administrator of funds of qualified investors and comparable foreign investment funds managed by the manager listed in Section 28, in the scope of the administration of these funds, Section 47 subsection 5, Section 47a, Section 49 subsection 4 and Section 50 to 53 and Section 55 do not apply, and Articles 7 to 11 of the directly applicable regulation of the European Union governing venture capital funds ⁷⁾ shall be applied similarly.

TITLE III

CAPITAL REQUIREMENTS

Section 57

Initial capital requirements

The initial capital of the main administrator must be at least the equivalent of EUR 50,000.

Section 58

Minimum amount of capital

(1) The capital of the main administrator may not fall below the minimum amount of initial capital specified in Section 57 throughout its duration.

(2) The basis for determining the amount of capital for the purposes of determining whether the amount of capital corresponds to the requirement under subsection 1 is the paid-up capital of the main administrator, to which are added in particular the mandatory reserve funds, share premium and retained earnings from previous periods and from which in particular, the value of intangible assets and unreimbursed losses from previous periods are deducted.

(3) The Czech National Bank shall establish by decree the rules for determining the amount of capital pursuant to subsection 2.

TITLE IV

ADMINISTRATION AGREEMENT

Section 59

(1) With the administration contract, the administrator of an investment fund or foreign investment fund undertakes to perform the administration of this fund, and the manager of this fund undertakes to pay the administrator a fee for this administration.

(2) The administration contract requires a written form.

(3) The administrator of an investment fund or a foreign investment fund may entrust the performance of an individual activity, which includes the administration of an investment fund or a foreign investment fund, to another only if this has been agreed in the administration contract.

(4) The provisions of this Act on entrusting another with the performance of individual activities, which include the administration of an investment fund or a foreign investment fund, are not affected by subsection 3.

(5) The contract on the administration of the manager of the investment fund or foreign investment fund is also binding

a) provide cooperation to the administrator of this fund so that this administrator can fulfill his obligations arising from legal regulations, and

b) to inform the administrator of this fund and the depository of this fund, whose administration the administrator carries out, facts relevant to the performance of their activities, which he learns about, and hand over to him the necessary documents in this connection and keep records about it.

(6) The administration contract also binds the administrator of the investment fund or foreign investment fund

a) provide cooperation to the manager so that the manager can fulfill the obligations arising from legal regulations, and

b) to inform the manager and depository of the investment fund or the foreign investment fund, whose administration he performs, of facts relevant to their activities that he learns about, and hand over the necessary documents to him in this connection and keep records about it.

PART FOUR

DEPOSITORY

TITLE I

BASIC PROVISION

Section 60

Depository

(1) The depository of an investment fund or foreign investment fund is a person who is authorized on the basis of the depository agreement

a) have custody of the property of an investment fund or a foreign investment fund,

b) establish and maintain cash accounts and record the movement of all funds belonging to the assets of the investment fund or foreign investment fund and

c) register and control the status of other assets of the investment fund or foreign investment fund than the assets listed in letters a) and b).

(2) The depository of a foreign investment fund whose home state is not a member state and which is managed by an investment company or a foreign person with a permit pursuant to Section 481 must be the person specified in Section 327.

Section 61

Incompatibility

The depository of an investment fund may not be the manager of this fund.

Section 62

Professional care and acting in the best interest

(1) The depository of an investment fund is obliged to perform the activities of the depository with professional care and, when performing it, to act in the best interest of the investment fund, of which he is the depository, and the shareholders, partners or nominees of this fund.

(2) The depository fulfills the obligations arising from this Act or from the depository agreement in a manner that corresponds to the nature, scope and complexity of the activities performed by it.

Section 63

Special rule for re-provision of financial collateral

(1) Without the prior consent of the manager of the investment fund, the depository of the fund may not use its assets, which it has in custody or safekeeping for its own or another person's purposes.

(2) The depository of a standard fund or a European long-term investment fund will use the property according to subsection 1 only if it is for the benefit of this fund and its participants or shareholders.

(3) If the depository of a standard fund or a European long-term investment fund uses property according to subsection 1, it shall provide financial collateral in favor of this fund in accordance with the law governing financial security so that the security of the fund's claim is sufficient.

Section 64

Conflicts of interest

(1) To ensure the proper and prudent performance of the activity, the depository of the investment fund shall establish, maintain and apply procedures for the management of conflicts of interest between it, this fund, the manager of this fund and the shareholders, partners or trustees of this fund, including the detection, prevention and notification of these conflicts interests.

(2) If there is a threat of a conflict of interests according to subsection 1, the depository of the investment fund shall notify the manager of this fund, as well as the shareholders, partners or nominees of this fund without undue delay.

Section 65

Separation of the performance of other activities from the performance of depository activities

(1) The depository of an investment fund may perform other activities for this fund than the

activities of the depositary of this fund.

(2) If the performance of this other activity may result in a conflict of interests pursuant to Section 64, subsection 1, the depositary of this fund must have organizational prerequisites in place to ensure the effective separation of the performance of this other activity from the activities of the depositary in such a way as to minimize this conflict of interest.

(3) The depositary of the investment fund may only value the assets and debts of the investment fund of which it is the depositary, or calculate the current value of the unit certificate or investment shares issued by such an investment fund, if it has established organizational prerequisites

a) for valuing the assets and debts of this fund, or for calculating the current value of the unit certificate and investment share issued by this fund, and

b) ensuring effective separation of the performance of this activity from the activity of the depositary of this fund.

Section 66

Deficiency detection procedure

If the depositary of an investment fund discovers, during the performance of its activities, a fact indicating that the manager of this fund has violated the obligation imposed on him by this law, on the basis of this law, by the directly applicable regulation of the European Union in the area of investment fund management ²⁾ the statute of this investment fund or the depositary agreement, will discuss this fact with him without undue delay after this finding.

Section 66a

Reporting mechanism

The depositary of the investment fund shall establish, maintain and apply the mechanism for reporting similarly according to Section 20a.

Section 67

Depositary Agreement

(1) With the depositary agreement, the depositary of the investment fund undertakes to perform the activities of the depositary of this fund within the scope of the obligations arising from this Act, and the manager of this fund undertakes to fulfill the obligations arising from it in connection with the performance of the activities of the depositary under this Act and to pay the depositary of this fund for its payment activity.

(2) The depositary agreement requires a written form.

TITLE II

DEPOSITORY OF THE COLLECTIVE INVESTMENT FUND

Section 68

Obligation to have one depositary

Each collective investment fund must have only one depositary. If the statutes of this fund allow

the creation of a sub-fund, the depository of this fund performs the activities of the depository for these sub-funds as well.

Section 69

Persons who may be a depository

(1) The depository of a collective investment fund can only be

- a) a bank based in the Czech Republic,
- b) a foreign bank that has a branch located in the Czech Republic,
- c) a stockbroker who is not a bank and who
 - 1. is obliged to comply with the initial capital requirements pursuant to Section 8a subsection 1 of the Act on Business on the Capital Market and
 - 2. has permission to provide the investment service of safekeeping and management of investment instruments, including related services, or
- d) a foreign person who
 - 1. has the permission of the supervisory authority of another member state to provide the investment service of safekeeping and management of investment instruments, including related services,
 - 2. provides investment services in the Czech Republic through a branch of the business plant and
 - 3. is obliged to comply with the initial capital requirements pursuant to Section 8a subsection 1 of the Act on Business on the Capital Market.

(2) The depository of a collective investment fund must have created the prerequisites to fulfill the obligations of the depository of a collective investment fund arising from this Act, the directly applicable regulation of the European Union implementing the Directive of the European Parliament and the Council regulating managers of alternative investment funds ⁶⁾ and the directly applicable regulation of the European of the Union, implementing the directive of the European Parliament and the Council regulating the coordination of regulations in the field of collective investment in relation to depositories of standard funds ⁸⁾.

Section 70

Some details of the depository contract

(1) The depository of the collective investment fund and the manager of the collective investment fund shall also define in the depository agreement the method of mutual communication, including the method of keeping records of this communication, and the method of protection of confidential information and personal data.

(2) The depository of the standard fund and the manager of this fund shall also define in the depository contract the time periods in which the depository shall provide the manager with an inventory of the assets of this fund that it has in its custody, safekeeping or for which it ensures records, including funds in the accounts, which proceeds in the name and for the benefit of this fund.

(3) In other respects, the depository contract defines Article 83 of Commission Delegated Regulation (EU) No. 231/2013 and the directly applicable regulation of the European Union implementing the directive of the European Parliament and the Council governing the coordination of regulations in the field of collective investment in relation to depositories of standard funds ⁸⁾.

Section 71

Custody, safekeeping and records of the fund's assets

(1) As part of the activities of the depository, the depository of the collective investment fund

a) has custody of replaceable investment instruments in the property of the collective investment fund by registering them in the ownership account that the depository of the collective investment fund maintains for this fund in the central register of book-entry securities, in a separate register of investment instruments, in a register connected to them or in a similar register conducted under the law of a foreign country; the depository agreement authorizes the depository of the collective investment fund to ensure custody of fungible investment instruments also by establishing a proprietary account for this fund at a central depository of book-entry securities or a comparable facility established or created under the law of a foreign country, while subsection 3 does not apply in this case,

b) has safekeeping of investment instruments, the nature of which allows it, and other assets of the collective investment fund, where this is expedient, and

c) ensures records of the assets of the collective investment fund, the nature of which allows it.

(2) As part of the activities of the depository, the depository of the collective investment fund also ensures records of the property of the collective investment fund, which is held or is authorized to be held by the prime broker (prime broker) of this collective investment fund.

(3) Which replaceable investment instruments according to subsection 1 letter a) should have custody of the depository, as well as the method of fulfillment of the obligations referred to in subsection 1 by the depository of the collective investment fund, are defined by Articles 88 to 90 of Commission Delegated Regulation (EU) No. 231/2013, and the directly applicable regulation of the European Union, which implements the directive of the European Parliament and the Council regulating the coordination of regulations in the field of collective investment in relation to depositories of standard funds ⁸⁾.

(4) Subsection 1 shall not apply to property held or authorized to be held by the prime broker of the given collective investment fund.

Section 72

Obligations of the depository in relation to the management of funds

(1) As part of the activities of the depository of the collective investment fund, the depository establishes or manages it

a) cash accounts in the name of this fund,

b) cash accounts in the name of the manager of this fund established for the benefit of this fund, or

c) cash accounts in your name established for the benefit of this fund; in such a case, the depository of the special fund ensures that its funds are not kept on such an account.

(2) The depository is authorized to establish cash accounts at

a) the Czech National Bank or the central bank of another state,

b) banks based in the Czech Republic,

c) a foreign bank that has a branch located in the Czech Republic,

- d) a foreign bank that has its headquarters in another member state and that does not have a branch located in the Czech Republic,
- e) foreign banks or similar persons that have their headquarters in a third country requiring compliance with prudential rules that are comparable to prudential rules under European Union law,
- f) savings and credit cooperative, or
- g) who is the prime broker (part five) of the collective investment fund.

(3) The depository deposits without undue delay into the relevant cash account established by it pursuant to subsection 1 or 2 all monetary resources of this fund obtained in particular by subscribing or issuing securities and book-entry securities issued by this fund.

(4) As part of the activities of the depository of the collective investment fund, the depository registers all cash accounts established for this fund and controls the movement of funds of this fund in these accounts.

(5) The method of fulfillment of the obligations referred to in subsections 1 to 4 by the depository of the collective investment fund is defined by Articles 85 and 86 of Commission Delegated Regulation (EU) No. 231/2013, and by the directly applicable regulation of the European Union implementing the directive of the European Parliament and the Council governing the coordination of regulations in the field of collective investment in relation to depositories of standard funds ⁸⁾.

Section 73

Control duties

(1) As part of the activities of the depository of the collective investment fund, the depository checks whether, in accordance with this Act, the directly applicable regulations of the European Union in the area of management of investment funds ²⁾, the statute of the collective investment fund and the provisions of the depository agreement

- a) unit certificates or investment shares were issued and redeemed,
- b) the current value of the share certificate or investment share was calculated,
- c) the property and debts of this fund were valued,
- d) consideration was paid from transactions involving the assets of this fund within the usual time limits,
- e) revenues flowing for this fund are used,
- f) orders of the manager directing the acquisition or alienation of items in the property of this fund are carried out, and it is sufficient if the depository checks how these orders were carried out, if the reason for this method of control is worthy of special consideration; how the orders were executed, the depository checks further, if it is orders concerning
 - 1. trades with a value not exceeding CZK 500,000 and an aggregate daily value corresponding to 0.1% of the value of this fund's assets,
 - 2. of a trade concluded on the market referred to in Section 3 subsection 1 letter a) government regulation regulating the investment of investment funds and the technology for their management, or
 - 3. trade in a security or book-entry security issued by a collective investment fund or a comparable foreign investment fund.

(2) As part of the activities of the depository of the collective investment fund, the depository executes the orders of the manager of this fund in accordance with the statute of this fund and in accordance with the depository agreement.

(3) As part of the activities of the depository of the collective investment fund, the depository also checks the state of the assets of the standard fund, which cannot be held in custody pursuant to Section 71 subsection 1 letter a) or in safekeeping according to Section 71 subsection 1 letter b).

(4) The manner of fulfillment of the obligations referred to in subsection 1 by the depository of the collective investment fund is defined by Articles 92 to 97 of Commission Delegated Regulation (EU) No. 231/2013, and the directly applicable regulation of the European Union implementing the Directive of the European Parliament and the Council regulating coordination regulations in the field of collective investment in relation to depositories of standard funds⁸⁾.

Section 74

Obligations of the manager in relation to the management of funds

(1) The manager of a collective investment fund is, after prior notification to the depository of this fund, authorized to establish an account for this fund with the person referred to in Section 72, subsection 2.

(2) The manager of a collective investment fund disposes of the funds of this fund only through the depository of this fund or through the person referred to in Section 72, subsection 2, with whom he has established a cash account.

(3) The manager of the collective investment fund shall, without undue delay, deposit in the relevant cash account established pursuant to subsection 1 or established by the depository of this fund pursuant to Section 72, subsections 1 and 2, the funds of this fund obtained in particular by subscribing to or issuing securities and book-entry securities issued by this fund.

(4) The method of fulfillment of the obligations referred to in subsections 1 to 3 by the manager of the collective investment fund is defined by Article 87 of Commission Delegated Regulation (EU) No. 231/2013, and the directly applicable regulation of the European Union implementing the Directive of the European Parliament and the Council regulating coordination regulations in the field of collective investment in relation to depositories of standard funds⁸⁾.

Section 75

Obligations of the former depository

(1) If the depository of a collective investment fund ceases to act as a depository of this fund, he is obliged, without undue delay, to properly inform the incoming depository of this fund about his activities to date and to hand over to him all documents related to his performance as a depository of this fund and to issue funds to him of this fund and the property of this fund in his possession.

(2) Until the handing over of all documents and the release of funds and assets of the collective investment fund, s e looks at the person who has ceased to perform the activities of the depository as the depository of this fund; Section 81 does not apply to a person who has ceased to perform the activities of a depository.

Section 76

Obligations of the manager

The manager of the collective investment fund without unnecessary delay after the termination of the relevant depository agreement, if this agreement was not replaced by a new depository agreement at the same time,

- a) suspends the issuance and redemption of unit certificates or investment shares issued by this fund and suspends the management of the assets of this fund, which is in the power of a person who has ceased to perform the activities of the depository of this fund for this fund, with the exception of the payment of obligations incurred before the termination of the obligation from the depository contracts and payment of necessary operating and salary expenses, until the new depository contract takes effect,
- b) sends information about the suspension of handling the assets of this fund according to letter a) and about the suspension of the issuance and redemption of unit certificates or investment shares issued by this fund to the Czech National Bank and publishes it on the website of this fund and
- c) performs actions aimed at establishing a new depository.

Credentials of another

Section 77

(1) The depository of a collective investment fund may entrust the execution of individual activities referred to in Section 71 subsection 1 of another only if

- a) this is permitted by the depository agreement,
- b) is able to certify that the person to be authorized meets the conditions according to Section 78 and that this authorization was preceded by a careful selection,
- c) this does not prevent this depository from carrying out its activities in relation to this fund with professional care and acting in the best interest of the shareholders, partners or beneficiaries of this fund, and
- d) it is ensured that this depository or the manager of this fund can control and with their orders influence the performance of this activity by the authorized person.

(2) The depository of the collective investment fund regularly checks the performance of the individual activities referred to in Section 71, subsection 1, with which it has entrusted another.

(3) The method of fulfilling the obligations listed in subsection 1 letter b) a depository of a collective investment fund is defined in Article 98 of Commission Delegated Regulation (EU) No. 231/2013, and a directly applicable regulation of the European Union implementing the European Parliament and Council Directive regulating the coordination of regulations in the field of collective investment in relation to depositories of standard funds ⁸⁾.

Section 78

(1) The depository of a collective investment fund may entrust the performance of individual activities referred to in Section 71, subsection 1 only to those who

- a) has the necessary material, organizational and personnel prerequisites for the performance of this activity appropriate to the nature, scope and complexity of this activity,
- b) separates the property of the depository's customers from its property and from the depository's property so that it is clear at all times that the property in question belongs to the depository's customers,

c) similarly applies procedures for managing conflicts of interest, including their detection, prevention and notification, according to Section 64, and

d) has established organizational prerequisites similarly according to Section 65, if a conflict of interests may result from the performance of his other activity and from the performance of the activity for which he was entrusted.

(2) The depository of the collective investment fund may entrust the performance of individual activities referred to in Section 71 subsection 1 letter a) and b) only the one who

a) complies with prudential rules, including minimum capital requirements, and is subject to supervision by the supervisory authority of the country in which it is domiciled, and

b) is subject to a regular external audit, which verifies that the relevant investment instruments are in his power.

(3) The depository of the collective investment fund may entrust the performance of individual activities referred to in Section 71 subsection 1 letters a) and b) also of those who do not meet any of the requirements under subsection 2, if

a) the person to be authorized has its seat in a state that is not a member state,

b) the law of the state referred to in letter a) requires certain investment instruments to be managed by the person to be authorized, in a manner comparable to Section 71 subsection 1 letters a) and b),

c) before investing in investment instruments, which should be in the power of the person who is to be authorized, the shareholders, partners and consideration of this fund have been properly informed

1. about this authorization, including the circumstances justifying this authorization, and
2. that this authorization is necessary due to the restrictions resulting from the law of the state referred to in letter a), and

d) this depository has written permission from the manager of this fund to entrust the person to be authorized with the performance of this activity.

(4) The depository of the standard fund may entrust the performance of individual activities referred to in Section 71 subsection 1 letter a) and b) only those who take measures that, in the event of their bankruptcy, will lead to the release of the fund's assets in a similar manner as customers' assets are released following the issuance of a bankruptcy decision and a declaration of bankruptcy for the securities trader's assets in accordance with the law regulating business on the capital market.

(5) Requirements for the distribution of assets of the collective investment fund pursuant to subsection 1 letter b) define Article 99 of Commission Delegated Regulation (EU) No. 231/2013, and the directly applicable regulation of the European Union implementing the directive of the European Parliament and the Council regulating the coordination of regulations in the field of collective investment in relation to depositories of standard funds ⁸⁾.

Section 79

Authorization of another authorized person

(1) Whoever has been entrusted by the depository of a collective investment fund with the performance of the individual activities listed in Section 71, subsection 1, may entrust another person with an act or certain acts from this activity, if this depository agrees to it in advance and if the conditions laid down in Section 77 and 78.

(2) Whoever has been entrusted with the depository of a collective investment fund with the performance of an individual activity referred to in Section 71, subsection 1, regularly checks the action or actions from this activity, with which he has entrusted another according to subsection 1.

(3) In order to be released from the obligation to replace the loss of investment instruments by the person who authorized a certain act or certain acts of others according to subsection 1, Section 82 shall be applied *mutatis mutandis*.

Compensation for damages by the depository

Section 80

(1) A depository of a collective investment fund that causes damage to the manager of this fund, this fund, a unitholder or a shareholder of this fund by breaching its obligations established or agreed upon for the performance of its activities as a depository, is obliged to compensate it.

(2) The depository of the collective investment fund shall only be released from the obligation to pay compensation under subsection 1 if he proves that he was not responsible for the damage even through negligence.

Section 81

(1) If there is a loss of investment instruments that the depository of the collective investment fund has in custody pursuant to Section 71 subsection 1 letter a) the part of the sentence before the semicolon or safekeeping of investment instruments according to Section 71 subsection 1 letter b), the depository shall compensate this fund without undue delay for the resulting damage; at the same time, it does not decide whether the depository has entrusted the performance of some activity to another.

(2) The cases of loss of investment instruments according to subsection 1 are defined by Article 100 of Commission Delegated Regulation (EU) No. 231/2013 and the directly applicable regulation of the European Union implementing the Directive of the European Parliament and the Council regulating coordination regulations in the field of collective investment in relation to depositories of standard funds⁸⁾.

Section 82

(1) The depository of the collective investment fund is exempted from the obligation to compensate under Section 81 only under the conditions defined in Article 101 of Commission Delegated Regulation (EU) No. 231/2013 and the directly applicable regulation of the European Union implementing the directive of the European Parliament and the Council governing the coordination of regulations in the area of collective investment in relation to depositories of standard funds⁸⁾.

(2) The depository of a special fund shall be released from the obligation to pay compensation according to Section 81 even if he has previously agreed in writing with the person whom he has entrusted with the performance of the activity referred to in Section 71 subsection 1 letter a) or b), on the fact that the trustee compensates the loss of investment instruments instead of him, and if he proves that

a) when entrusting another with the performance of the activity referred to in Section 71 subsection 1 letter a) or b) the conditions set out in Section 78 subsections 1 and 2 a have been met

b) there was an objective reason for concluding such an agreement, defined in Article 102 of Commission Delegated Regulation (EU) No. 231/2013.

TITLE III

DEPOSITORY OF THE QUALIFIED INVESTORS FUND

Section 83

(1) A fund of qualified investors must have at least one depository; however, a fund of qualified investors, which is managed by a manager authorized to exceed the decisive limit, may have only one depository. A fund of qualified investors pursuant to Section 96 letter a) or b) is not required to have a depository. Sections 69 to 82 shall apply mutatis mutandis to depositories of qualified investors' funds, with the exception of Section 73 subsection 1 letter f) and Section 73, subsection 2, and with the exception of references to the directly applicable regulation of the European Union, which implements the directive of the European Parliament and the Council regulating the coordination of regulations in the field of collective investment in relation to depositories of standard funds ⁸⁾. For the depository of a fund of qualified investors, whose manager is not authorized to exceed the decisive limit, the directly applicable regulation of the European Union implementing the directive of the European Parliament and the Council regulating the administrator of alternative investment funds ⁶⁾, if it is a method of fulfilling the obligations according to Section 71 subsection 3, Section 72 subsection 5, Section 73 subsection 4 and Section 74 subsection 4, shall not apply.

(2) If the articles of association of the fund of qualified investors allow the creation of a sub-fund, the depository of this fund performs the activities of the depository for these sub-funds as well.

(3) The depository of a fund of qualified investors has the obligation to compensate for damage according to Section 80, subsection 1, even if it causes it to an intended partner or a partner other than the shareholders of this fund.

Section 82 shall not apply to the depository of a European long-term investment fund, in which investments are offered to customers who are not professional customers in accordance with the Act governing business on the capital market.

(5) The depository of the fund of qualified investors shall check the orders pursuant to Section 73, subsection 2, after their execution, unless otherwise agreed with the manager.

Section 84

(1) A notary can also be the depository of a fund of qualified investors, which is not a European long-term investment fund, in which investments are offered to customers who are not professional customers according to the law regulating business on the capital market; however, a notary can only be the depository of a fund of qualified investors,

a) in which the payment or distribution of the assets of this fund to the persons from whom money or money-valuable things were collected for this asset cannot, according to this law, another legal regulation or the statute of this fund, occur earlier than after the expiration of 5 years from the date of their collection from the given person, a

b) who, according to his statute, invests

1. a maximum of 10% of the value of their assets in investment instruments that the depository of the collective investment fund should otherwise have according to Section 71 subsection 1 letter a) in custody, or

2. more than 90% of the value of their assets in intellectual property rights, securities or book-entry securities representing a share in a trading company or other legal entity or participation in trading companies or other legal entities so that the share in voting rights in these trading companies or legal entities was exceeded in the manner and in the amount specified in Section 34 subsection 1 or in Section 35 subsection 3.

(2) A notary who is a depository of a qualified investors fund must have the prerequisites to fulfill the obligations of a depository of a qualified investors fund resulting from this Act and the directly applicable regulation of the European Union, which implements the directive of the European Parliament and the Council regulating managers of alternative investment funds ⁶⁾.

Section 69 does not apply to a notary who is the depository of a fund of qualified investors.

PART FIVE

PRINCIPAL SUPPORT

Section 85

Prime broker

The prime broker of an investment fund is a person who, on the basis of a contract with the manager of this fund, or on the basis of a contract with the manager and depository of this fund, is authorized to perform the following financial services:

- a) provide or hand over funds or investment instruments for the purpose of supporting the financing of this fund, or
- b) settle trades carried out within the designated investment strategy of this fund.

Section 86

Persons who may be the prime broker

The prime broker can only be

- a) a bank based in the Czech Republic,
- b) a foreign bank that has its registered office in a member state,
- c) a securities dealer who is not a bank and who is obliged to comply with capital adequacy pursuant to Sections 9 and 9a of the Act Regulating Business on the Capital Market,
- d) a foreign person who has permission from the supervisory authority of another member state to provide investment services, if
 1. provides investment services in the Czech Republic through a branch of the business plant or even without the location of a branch a
 2. is obliged to comply with capital adequacy in accordance with Sections 9 and 9a of the Act Regulating Business on the Capital Market and
- e) a foreign person who is domiciled in a state that is not a member state, if
 1. is obliged to observe the rules of prudence according to the law of its home state and
 2. is subject to supervision in its home state.

Prime broker Activity

Section 87

- (1) Section 85, further agree that he is entitled to the account of this fund

- a) perform other support services such as
 - 1. ensure the settlement of trades with investment instruments carried out within the defined investment strategy of this fund,
 - 2. provide tailored technological support to this fund, or
 - 3. to pass data on closed deals to the manager of this fund, or
- b) to hold the assets of this fund for the purpose of performing the financial service referred to in Section 85 or other support services according to letter a).

(2) The depository of the investment fund must be a contracting party to the contract with the prime broker only if the prime broker is authorized to hold property according to subsection 1 letter b).

Section 88

(1) The contract on the basis of which the prime broker performs financial services or other support services or holds the assets of the investment fund requires a written form.

(2) The contract referred to in subsection 1 must be in accordance with the statute of the investment fund for which the prime broker performs financial services or other support services or whose property it holds.

(3) The manager informs the relevant depository about the creation or termination of the obligation from the contract referred to in subsection 1, unless the depository is a party to the contract.

Section 89

(1) The manager of an investment fund for which the main sponsor provides financial services or other support services or whose property it holds shall ensure that the main sponsor provides the relevant depository with the necessary data and documents that are necessary for the proper performance of the depository's activities, in particular those relating to assets of this fund held by the principal sponsor.

(2) Further, the obligation according to subsection 1 is defined in Article 91 of Commission Delegated Regulation (EU) No. 231/2013.

Section 90

Special rule for re-provision of financial collateral

Without the prior consent of the manager of the investment fund, the prime broker of this fund may not provide as financial collateral or comparable security under the law of a foreign country or other security investment instruments that were provided to him from the assets of this fund as financial collateral or as comparable security under the law of a foreign country or other security.

Section 91

Performance of depository activities by the main sponsor

- (1) The prime broker of an investment fund may act as a depository of this fund only if
 - a) fulfills the conditions established by this Act for the performance of the activities of the depository of this fund,
 - b) has functionally and hierarchically separated the performance of the activities of the prime broker from the performance of the activities of the depository a

c) establishes, maintains and applies procedures for managing conflicts of interest resulting from the performance of the activities of the prime broker and from the performance of the activities of the depository, including their detection, prevention and notification.

of this fund, as well as the shareholders, partners or nominees of this fund without undue delay.

PART SIX

INVESTMENT FUNDS

TITLE I

BASIC PROVISION

Chapter 1

Investment funds and their breakdown

Section 92

Division of investment funds

- (1) Investment funds are collective investment funds and qualified investor funds.
- (2) Collective investment funds are standard funds and special funds.

Section 93

Collective investment funds

- (1) The collective investment fund is
 - a) a legal entity based in the Czech Republic, which is authorized to collect funds from the public by issuing shares and carry out joint investment of the collected funds on the basis of a determined investment strategy based on the principle of risk distribution in favor of the owners of these shares, and to further manage this property, and
 - b) mutual fund, the purpose of which is to collect funds from the public by issuing share certificates and jointly invest the collected funds based on a determined investment strategy based on the principle of risk distribution in favor of the owners of these share certificates and further management of this property.
- (2) A collective investment fund is also considered a mutual fund or a joint-stock company with variable share capital, the purpose of which is to collect funds from at least two collective investment funds or comparable foreign investment funds or sub-funds of a collective investment fund or comparable foreign facilities, if such a fund, sub-fund or facility invests more than 85% of the value of its assets in unit certificates or investment shares issued by this unit fund or by this joint-stock company with variable capital.
- (3) For the purposes of this Act, investment strategy means the method of investment of an investment fund, including in particular:
 - a) types of things that can be acquired into the assets of the investment fund, and if securities or book-entry securities can be acquired into its assets, also the type of these securities or book-entry securities,

for example shares or bonds, and if they can his assets to be acquired bonds or similar securities or book-entry securities representing the right to repayment of the owed amount, then also the type of these bonds or similar securities or book-entry securities representing the right to repayment of the owed amount according to their issuer, for example bonds issued by the state or bonds issued trading companies,

b) investment limits that must be observed in relation to the items under letter a),

c) information on whether the investment fund copies or intends to copy the composition of an index of shares or bonds or another index or follows or intends to follow a certain index or other quantitatively expressed financial indicator (benchmark); this information must indicate which index or indicator it is and how or to what extent the investment fund follows or copies it or intends to follow or copy it,

d) information about a certain economic sector or part thereof, a certain geographical area or a certain part of the financial market in which the investment fund concentrates or intends to concentrate its investments, or a certain type of things in which the investment fund concentrates or intends to concentrate its investments,

e) possibilities and limits of security or guarantee in the event that the return of the investment, its part or the income from this investment is to be secured (secured funds) or guaranteed (guaranteed funds), and an indication of the way in which the security or guarantee will be achieved,

f) the possibilities and limits of the use of the accepted credit or loan on the account of the investment fund,

g) the possibilities and limits of using the property of the investment fund to provide a loan, loan, gift and to secure the obligation of another person or to pay a debt that is not related to its management,

h) options and limits relating to the sale of items for the account of the investment fund that the investment fund does not have in its assets, and

i) information on techniques for managing the investment fund and the possibilities and limits of their use.

(4) For the purposes of this Act, copying the composition of an index means copying the composition of things to which this index relates, including the use of derivatives and other techniques to manage an investment fund.

Section 94

Standard funds and special funds

(1) A standard fund is a collective investment fund that meets the requirements of the directive of the European Parliament and the Council regulating the coordination of regulations in the field of collective investment ⁴⁾ and as such is entered in the relevant list maintained by the Czech National Bank (Section 511).

(2) A special fund is a collective investment fund that does not meet the requirements of the directive referred to in subsection 1 and is not a standard fund entered in the relevant list maintained by the Czech National Bank (Section 511).

Section 95

Funds of qualified investors

(1) The fund of qualified investors is

a) a legal entity with its registered office in the Czech Republic, which is authorized to collect funds or valuables from several qualified investors by issuing participation securities or by making the qualified investors its partners, and to jointly invest the collected funds or valuables on the basis of a determined investment strategy, usually based on the principle of risk distribution, in favor of these qualified investors and to further manage this property,

b) a mutual fund, the purpose of which is the collection of funds or money-valuable items from several qualified investors by issuing share certificates and joint investment of the collected funds based on a determined investment strategy, usually based on the principle of risk distribution, for the benefit of the owners of these share certificates and other management of this property, and

c) trust fund,

1. whose statute designates multiple qualified investors as contemplated who are the founder of that trust or the one who increased the assets of that trust by contract, and

2. which is established for the purpose of investing on the basis of a specified investment strategy, usually based on the principle of spreading risk, for the benefit of its beneficiaries.

(2) The condition of a large number of qualified investors according to subsection 1 does not have to be met if he is a partner, a shareholder or a designated fund of qualified investors

a) the state, an international financial organization or a legal entity subordinate to a central state administration body, or

b) a qualified investor investing money or money-valuable things for the benefit of other qualified investors with whom he is in a contractual relationship for the purposes of this investment.

Section 96

Qualified venture capital fund, qualified social entrepreneurship fund and European long-term investment fund

An investment fund that is also considered a fund of qualified investors

a) a qualified venture capital fund referred to in Article 3 letter b) Regulation (EU) No. 345/2013 of the European Parliament and of the Council, as amended,

b) a qualified social business fund referred to in Article 3 letter b) Regulation (EU) No. 346/2013 of the European Parliament and of the Council, as amended, and

c) the European long-term investment fund.

Section 97

Foreign investment fund

It is a foreign investment fund

a) a legal entity with its seat in a country other than the Czech Republic, comparable to an investment fund, or

b) a facility created under the law of a foreign country comparable to an investment fund that is a mutual fund or a trust fund.

Chapter 2

Collective investment penalty funds

Section 98

(1) It is prohibited to collect, as well as attempt to collect, monetary funds or monetary valuables from the public for the purpose of their joint investment or investment of such acquired monetary funds or monetary valuables, if the return on the investment or the profit of the investor is to be even partially dependent on the value or yield of the property in which money or money-valuable things have been invested, other than under the conditions established or permitted by this law.

(2) The prohibition under subsection 1 does not apply to the case where it is collected exclusively from qualified investors.

(3) Subsection 1 is not Section 2 letter b) and c) and Section 2a affected.

(4) The prohibition under subsection 1 also applies to activities carried out in connection with Section 15 subsection 1.

Section 99

It is prohibited to enable or facilitate another activity prohibited under Section 98 by promoting it or ensuring its availability in another way.

TITLE II

PERMISSIBLE LEGAL FORMS

Chapter 1

Basic provision

Section 100

Collective investment funds

(1) A collective investment fund can only be

a) mutual fund, or

b) joint stock company.

(2) However, a standard fund, a collective investment fund investing as a money market fund or a collective investment fund investing in real estate or participation in a real estate company can only be an open mutual fund or a joint stock company with variable capital.

(3) For the purposes of this Act, a real estate company means a joint-stock company, a limited liability company or a comparable legal entity under the law of a foreign state, the subject of which is mainly the acquisition of real estate, the management of real estate and the transfer of ownership rights to real estate for a fee, in order to achieve profit.

Section 101

Funds of qualified investors

(1) A fund of qualified investors can only be

- a) mutual fund,
- b) trust fund,
- c) limited partnership,
- d) limited liability company,
- e) joint stock company,
- f) a European company, or
- g) cooperative.

(2) However, a fund of qualified investors investing as a money market fund can only be an open mutual fund or a joint-stock company with variable capital.

Chapter 2

Mutual fund

Subchapter 1

General conditions

Section 102

(1) A mutual fund consists of assets. The ownership right to the property in the mutual fund belongs jointly to all shareholders, in proportion to the value of the shares owned by them. However, none of the shareholders can request the separation of assets in the mutual fund, the division of the mutual fund or the cancellation of the mutual fund. The provisions of the Civil Code on co-ownership do not apply to mutual funds.

(2) Ownership rights to property in a mutual fund are exercised in his own name and for the account of the mutual fund by its manager.

(3) Shareholders are not liable to creditors for debts in the mutual fund.

(4) Receivables corresponding to debts in the mutual fund are satisfied from the assets in this mutual fund.

Section 103

The mutual fund does not have legal personality.

Section 104

The mutual fund must have its own label. The designation must distinguish the mutual fund from another mutual fund. Labeling must not be misleading.

Section 105

If a legal regulation or a legal act requires information about the owner, the information about all unitholders shall be replaced by the name of the mutual fund and information about the manager of this mutual fund.

Creation, establishment and termination of a mutual fund

Section 106

(1) The foundation of the body shall create a mutual fund if they agree with the person who is to become its manager on the content of the mutual fund statute.

(2) A mutual fund is also created by unilateral legal action of the person who is to become its manager, by which he accepted the status of a mutual fund.

(3) Legal proceedings relating to the creation of a mutual fund require written form, otherwise they are invalid; the court will consider this invalidity even without a proposal.

Section 107

cancelled

Section 108

(1) A mutual fund is established on the date of entry into the list of mutual funds maintained by the Czech National Bank. The mutual fund ceases to exist on the day it is deleted from this list.

(2) The proposal to register a mutual fund in the list of mutual funds is submitted by the person who is to become its manager. A proposal to delete a mutual fund from the list is submitted by the liquidator, the manager of the mutual fund or another person who has a legitimate interest in it.

(3) After the establishment of a mutual fund, the legal act of incorporation cannot be declared invalid, and the registration of the mutual fund in the list of mutual funds cannot be canceled for that reason.

List of subs

Section 109

(1) The mutual fund administrator keeps a list of its shareholders. If registered share certificates are issued, the articles of association may determine that the list of shareholders is replaced by a register of registered share certificates.

(2) In the list of shareholders, the designation of the type of share certificate, the name and residence or the name and registered office of the shareholder, the number of the shareholder's bank account held with a person authorized to provide banking services in a state that is a full member of the Organization for Economic Cooperation and Development, the designation of the share certificate and changes to recorded data. In the case of a deed share certificate, the designation of its form as a security is entered in the list of share holders.

Section 110

(1) It is considered that the shareholder is the person who is entered in the list of shareholders.

(2) The administrator shall enter the new owner in the list of shareholders without undue delay

after he is notified of the change in the person of the owner.

Section 111

(1) The administrator may use the data entered in the list of shareholders only for the needs of the administration of the mutual fund. For other purposes, the data entered in the list of shareholders can only be used with the consent of the shareholders to whom the data relates.

(2) If a shareholder ceases to be a shareholder, the administrator shall delete it from the list of shareholders without undue delay.

Section 112

cancelled

Section 113

Meeting of shareholders

(1) An assembly of shareholders is established if so determined by the statute of the mutual fund, which also determines the scope of this assembly and the rules for its decision-making.

(2) The provisions of the Civil Code on the invalidity of the resolution of the members' meeting of the association shall apply mutatis mutandis to the decision of the shareholders' meeting.

Section 114

Bookkeeping

Accounts are kept of the mutual fund's assets, as well as other facts, in such a way as to enable the preparation of financial statements for each individual mutual fund.

Share certificates

Section 115

certificate is a security or book-entry security that represents a shareholder's share in a mutual fund and to which the shareholder's rights arising from this Act or from the statute of the mutual fund are associated.

Section 116

(1) Money or money-valuable things are gathered into a mutual fund by issuing share certificates.

(2) For the valuation of a thing valued in money according to subsection 1, the provisions of the Act regulating the legal relations of commercial companies and cooperatives on the valuation of a non-monetary contribution to a joint-stock company shall be applied mutatis mutandis.

Section 117

(1) The share certificate contains at least

a) designation "share certificate",

- b) data necessary to identify the mutual fund,
- c) the nominal value, including the indication of the currency in which the nominal value is expressed, or the fact that it is a share certificate without a nominal value,
- d) information on the type of share certificate, possibly also with a reference to the articles of association,
- e) indication of the form of the share certificate, unless the share certificate was issued as a book-entry security, a
- f) numerical designation of the share certificate, unless the share certificate was issued as a book-entry security.

(2) A registered share certificate can only take the form of a registered or registered security. The identification of the transferee shall be indicated in the handwritten copy of the share certificate.

(3) For book-entry share certificates, it is sufficient that the data specified in subsection 1 can be ascertained from the relevant register of book-entry share certificates.

(4) If a collective share certificate has been issued, this collective share certificate also contains information on how many share certificates it replaces and of what type.

Section 118

The nominal value of shares issued by the same mutual fund may be expressed in different currencies, if the statute of the mutual fund defines at the same time which currencies are involved.

Section 119

order for the transfer of a paper unit certificate to be effective against the mutual fund administrator, notification of the change in the person of the unit holder to the administrator and presentation of the unit certificate to the administrator is required.

Section 120

- (1) Shares with the same rights are of one type.
- (2) In particular, the right to
 - a) a different, fixed or subordinate share in the profit or in the liquidation balance,
 - b) payment of an advance on profit,
 - c) a lower payment charged in the event that the performance of the mutual fund exceeds the specified indicator (benchmark) with which the performance is compared, or
 - d) a lower deduction for redemption, if the share certificate is associated with the right to redeem it.

(3) The mutual fund manager decides on the payment of the profit advance. An advance for the payment of a share of the profit can only be paid if it follows from a reasonably careful consideration that the mutual fund has or will have sufficient funds to distribute the profit.

Section 121

- (1) Special rights and their content shall be determined in the statute of the mutual fund. In case

of doubts about their content, the court may, on the proposal of a shareholder

a) to decide what special right is associated with the share certificate, if it is clear from the circumstances that such a right expresses the will contained in the articles of association or is closest in content to this will, or

b) if it is not possible to proceed according to letter a), decide that the share certificate is a share certificate with which no special right is attached.

(2) The procedure referred to in subsection 1 is a procedure according to Section 83 subsection 2 letter d) of the Code of Civil Procedure.

(3) The participants in the proceedings are the proposer, the manager of this mutual fund and the person whose name, characteristic element of the invitation or name contains the designation of this mutual fund.

Change of type or form of share certificates and withdrawal of share certificates from trading on the European regulated market

Section 122

The administrator shall notify the unitholders without undue delay in the manner specified in the mutual fund statute of the day on which the change in the type or form of unit certificates was entered in the list of unitholders.

Section 123

(1) If it has been decided to change the type or form of share certificates or to exclude share certificates from trading on the European regulated market,

a) redeem these shares only without deduction; however, an amount corresponding to the purposefully incurred costs associated with the redemption of the share certificate can be deducted, and

b) issue new share certificates and determine the deadline for submitting share certificates for exchange only after this change has been entered in the list of share holders.

of the law regulating the legal relations of commercial companies and cooperatives on the reduction of the nominal value of shares shall be applied proportionately for the procedure for exchanging share certificates for share certificates of a different type or form.

Section 124

(1) If it has been decided to change the type or form of unit certificates issued by a closed-end mutual fund or to remove unit certificates issued by a closed-end mutual fund from trading on the European regulated market, the fund manager shall, on behalf of the mutual fund, make changes to these unit certificates within 30 days from entry of a change in the type or form of share certificates in the list of share holders or from the date of withdrawal of the share certificate from trading on the European regulated market, a public proposal for a contract for the purchase of share certificates.

(2) Redemption of unit certificates issued by a closed mutual fund, if it was decided according to subsection 1 otherwise than in the form of a public contract proposal according to subsection 1, is prohibited.

(3) Subsections 1 and 2 do not apply if it concerns redemption

- a) less than 100 persons,
- b) unit certificates, the aggregate nominal value of which does not exceed 1% of the fund capital of this fund, or
- c) shares traded exclusively on the European regulated market, if it is a decision to change the type or form of shares.

(4) The public contract proposal pursuant to subsection 1 cannot be revoked once it has been made. It is possible to change it only if it is explicitly stated in its conditions, or if it will be more advantageous for the interested party; such changes will also be reflected in all contracts already concluded on the basis of this public proposal.

Section 125

(1) The public draft contract pursuant to Section 124, subsection 1, must be addressed to persons who, on the date of the shareholders' meeting, were the owners of the share certificates to which the decision to change the type, form or elimination relates, and did not vote for the adoption of this decision.

(2) However, if the meeting of shareholders did not vote on a change in the type, form or exclusion, the public draft of the contract must be addressed to all persons who, until the change in the type or form of share certificates or the exclusion of share certificates from trading on the European regulated market, were registered in the list shareholders by the owners of share certificates, which are affected by the decision to change the type, form or cancellation.

Section 126

(1) The authorized person referred to in Section 125 may waive the right to buy back shares.

(2) The relinquishment of the right according to subsection 1 must be in writing with an officially verified signature and has effects also against every other acquirer of these shares.

Section 127

When the type or form of a unit certificate is changed, the rights associated with this type or form of unit certificate change with the effect of the change in the statute of the mutual fund, regardless of when the unit certificates are exchanged.

Subchapter 2

Open mutual fund

Section 128

(1) A share certificate issued by an open mutual fund is associated with the shareholder's right to redeem it for the account of this fund.

(2) There is no limit to the number of units issued by an open mutual fund.

Section 129

The designation of an open-ended mutual fund contains the words "open-ended mutual fund".

Section 130

Issuance of share certificates

(1) The administrator of an open mutual fund shall ensure the issuance of a unit certificate for an amount equal to its current value announced on the decisive date specified in the statute; this amount may be increased by a surcharge, the amount of which is specified in the statute.

(2) The administrator of an open-ended mutual fund may, from the date when the manager of this fund started issuing unit certificates of this fund, ensure their issuance for an amount equal to their nominal value, or for the amount specified in the statute of the open-ended mutual fund, if shares without nominal value, for the period specified in that statute, but for no longer than

a) 3 months from the date on which the manager started issuing the unit certificates of the fund, if it is a standard fund or a special fund that does not invest in real estate or interests in real estate companies

b) 1 year from the date on which the manager started issuing the unit certificates of the fund, if it is a qualified investors fund not referred to in letter c), or if it is a special fund that invests in real estate or interests in a real estate company, or

c) 2 years from the date on which the manager started issuing the unit certificates of the fund, if it is a qualified investors fund that invests in real estate or interests in a real estate company and whose manager is not authorized to exceed the applicable limit.

(3) The amount referred to in subsection 2 may be increased by a surcharge specified in the statute of the open-ended mutual fund.

(4) A share certificate cannot be issued until the amount according to subsection 1 or 2 is paid into the cash account established for this fund by its depository or manager, or until non-monetary performance equal to this amount is provided.

(5) A share certificate may be issued otherwise than in accordance with subsection 4 only if its issuance has been requested by a person who is a professional customer pursuant to Section 2a subsection 1 letter a) to h) of the law regulating business on the capital market or by a similar person under the law of another member state, in the form of an irrevocable commitment to sign a share certificate and pay the amount according to subsection 1 or 2 to a cash account established for this fund by its depository or manager, in the period specified by the statute.

Redemption of share certificates

Section 131

The administrator of an open mutual fund shall ensure the redemption of the share certificate of this fund for an amount equal to its current value for the day on which it received the shareholder's request for the redemption of the share certificate; this amount may be reduced by the deduction specified in the statute. Unit certificates expire upon redemption.

Section 132

(1) The administrator of an open mutual fund shall ensure the redemption of the share certificate of this fund to the account of this mutual fund no later than

a) 2 weeks if it is a standard fund,

b) 1 month, if it is a special fund that does not invest in real estate or participation in a real estate company,

c) 1 year, if it is a fund of qualified investors that does not invest in real estate or participation in a real estate company, and

d) 2 years, if it is an investment fund that invests in real estate or participation in a real estate company.

(2) Requests for the redemption of a share certificate issued by an open mutual fund can be submitted at any time. The administrator of the open mutual fund will ensure the publication of the nearest deadline for the redemption of unit certificates of this fund on the website of this fund. Within this period, the administrator of the open mutual fund will ensure the redemption of all unit certificates of this fund, the redemption of which was submitted by the unit holders in the period from the last period for the redemption of unit certificates of this fund.

(3) For the period specified in the statute for an open mutual fund, which is a special fund investing in real estate or participation in real estate companies, during which this fund does not comply with the investment limits according to the government regulation regulating the investment of investment funds, but no longer than 3 years from the date when mutual fund was established, the unit certificates issued by this fund are not redeemable.

(4) For the period specified in the statute of the open mutual fund, which is a fund of qualified investors, but no longer than 5 years from the day the mutual fund was established, the unit certificates issued by this fund shall not be redeemed.

Section 133

During the period during which the administrator of an open mutual fund ensures the issuance of unit certificates of this fund for an amount equal to their nominal value, or for the amount specified in the articles of association, in the case of unit certificates without a nominal value, he ensures the redemption of unit certificates of this fund for the same amount for which he ensures their issuance.

Suspension of issue or redemption of units

Section 134

(1) The manager may decide to suspend the issuance or redemption of unit certificates of an open mutual fund only,

a) if it is necessary for the purpose of protecting the rights or legally protected interests of shareholders, or

b) for a period of time that is also necessary for operational reasons, especially in relation to activities related to financial statements.

(2) The manager of the feeder fund may also decide to suspend the issuance or redemption of unit certificates of an open-ended mutual fund, if the issuance or redemption of securities or book-entry securities issued by the master fund is suspended (Section 245).

(3) The manager shall draw up a record of his decision pursuant to subsection 1 or 2, in which he shall state

a) the date and exact time of your decision,

b) reasons for suspending the issuance or redemption of share certificates,

c) whether he decided that the suspension also applies to share certificates, the issuance or redemption of which was requested before the moment according to letter e), and for which the consideration for

the redemption has not yet been paid, or to the issue of share certificates,

d) whether, after the resumption of issuance or redemption of share certificates, the procedure will be followed in accordance with Section 139 subsection 1 letter a) point 1 or 2 or according to Section 139 subsection 1 letter b), possibly, how to proceed if it is a decision according to subsection 2,

e) the moment from which the issuance or redemption of share certificates is suspended, a

f) the period for which the issuance or redemption of shares is suspended.

Section 135

(1) Issuance or redemption of unit certificates of an open-ended mutual fund is suspended at the time specified in the entry pursuant to Section 134 subsection 3 letter e).

(2) From the moment specified in the entry according to Section 134 subsection 3 letter e) it is not possible to issue or redeem a share certificate of this fund until the date of resumption of the issue or redemption of share certificates in accordance with Section 141, with the exception of share certificates, the issuance or redemption of which was requested before the time indicated in the minutes pursuant to Section 134 subsection 3 letter e) and in which they have not yet been issued or consideration for the redemption has been paid. This exception does not apply if the manager has decided that the decision to suspend issuance or redemption also applies to these shares.

Section 136

(1) The period for which the issuance or redemption of share certificates is suspended may not be longer than 3 months.

(2) The statute of an open-ended mutual fund investing in real estate or by participating in a real estate company may determine the period for suspending the issuance or redemption of unit certificates differently; it is prohibited to determine this period longer than 2 years.

(3) The statute of an open mutual fund, which is a fund of qualified investors, may determine the period for suspending the issuance or redemption of unit certificates differently; it is prohibited to determine this period longer than 2 years.

Section 137

(1) The administrator of an open-ended mutual fund shall, without undue delay, after drawing up the record referred to in Section 134, subsection 3, ensure the publication of this record on the fund's website.

a record of this decision to the supervisory authorities of other member states in which the unit certificates of this partial fund are publicly offered, without undue delay. In particular, the notice shall state the measures taken and other facts aimed at eliminating the causes of the suspension of the issuance or redemption of share certificates.

Section 138

(1) The administrator of an open mutual fund shall, without undue delay, after notification of the decision of the Czech National Bank to cancel the manager's decision to suspend the issuance or redemption of unit certificates, publish this decision on the fund's website.

(2) The administrator of an open mutual fund shall, without undue delay, after the announcement of a preliminary measure that has an impact on the suspension of the issuance or redemption of unit

certificates, ensure that this preliminary measure is published on the fund's website.

Section 139

(1) If the issuance or redemption of share certificates was resumed pursuant to Section 141 letter a), then the administrator

a) without unnecessary delay after the day according to Section 141 letter a) ensure the issuance and redemption of all share certificates, the issuance or redemption of which has been requested and for which consideration for the redemption or issuance of share certificates has not been paid, for an amount equal to their

1. the current value determined on the date of application submission, or
2. the first current value determined on the date of resumption of issuing or redeeming share certificates pursuant to Section 141 letter a) in such a case, it does not calculate the current value of the shares during the period of suspension, or

b) does not take into account requests for the issue or redemption of share certificates, for which there has been no payment of consideration for the redemption or the issue of share certificates, and the persons who submitted such a request shall, without undue delay, after the day pursuant to Section 141 letter a) invites them to submit their application again if their interest persists.

(2) If the Czech National Bank revokes the decision to suspend the issuance or redemption of share certificates, then the administrator shall, without undue delay, after the day pursuant to Section 141 letter b) ensure the issuance and redemption of all share certificates, the issuance or redemption of which the shareholders have requested and for which consideration for the redemption or issuance of share certificates has not been paid, for an amount equal to their current value determined on the date of application submission.

(3) If the issuance or redemption of securities or book-entry securities issued by the master fund has been resumed, the procedure shall be followed in the manner specified in the minutes pursuant to Section 134, subsection 3, letter d).

Section 140

(1) The shareholder does not have the right to default interest for the period of suspension of the issuance or redemption of shares of an open mutual fund; it does not apply

a) if the administrator of the open-ended mutual fund is already in arrears with the payment of consideration for the redemption as of the date of suspension, or

b) if the Czech National Bank canceled the decision to suspend the issuance or redemption of unit certificates and if the unit holder was not paid consideration for the redemption.

(2) The manager and the administrator of the open-ended mutual fund are obliged to pay the interest on late payment pursuant to subsection 1 jointly and severally.

Section 141

The day of resumption of issuance or redemption of share certificates is

a) the day following the day on which the period for which the issuance or redemption of units was suspended,

b) the date of acquisition of legal force of the decision of the Czech National Bank canceling the decision of the manager of an open mutual fund to suspend the issuance or redemption of unit certificates of this

fund, or

c) the day following the day on which the period for which the issuance or redemption of securities or book-entry securities issued by the master fund was suspended.

Subchapter 3

Closed mutual fund

Section 142

A unit certificate issued by a closed mutual fund does not have the right of the unit holder to redeem it for the account of the fund.

Section 143

The designation of a closed-end mutual fund contains the words "closed-end mutual fund".

Section 144

If the manager of a closed mutual fund created for a fixed period does not decide before the expiration of this period whether this mutual fund will enter into liquidation or transform into an open mutual fund or a joint stock company with variable capital, the mutual fund will enter into liquidation after the expiration of this period.

Section 145

Issuance of share certificates

Section 130 shall apply mutatis mutandis to the issuance of unit certificates by a closed unit fund.

(2) A closed mutual fund may not issue or have issued shares that do not have a nominal value.

Section 146

Granting the right to buy back shares in the articles of association

(1) The statute of a closed mutual fund may stipulate that a unitholder has the right to redeem a unit certificate for the account of this mutual fund within specified periods of time longer than 1 year during the duration of the closed mutual fund. The statute of a closed mutual fund, which is a collective investment fund and which is created for an indefinite period or for a fixed period longer than 10 years, will allow the shareholders to buy back the shares they own after 10 years from the date of the foundation of the fund and further within the period specified in the statute, whichever is longer than 1 year, but at least every 10 years; otherwise, upon the expiry of 10 years from the date of the creation of the fund, the unit holder has the right to redeem his units to the account of the unit fund.

Sections 131 to 141 apply mutatis mutandis to the redemption of unit certificates of a closed mutual fund.

Section 147

(1) If the court decides in the case of a closed mutual fund pursuant to Section 121 subsection 1 letter b), the owner of a share certificate, the type of which has been decided, may demand that the manager of the mutual fund, on account of the mutual fund, buy this share certificate from him for a

reasonable price within 1 month from the date of acquisition of legal force of the court's decision, unless there is doubt about the content of the special the rights associated with the participation certificate become apparent already at the time when the participation certificate was obtained. The manager will buy the share certificate from the authorized owner within 15 working days from the day on which he received the proposal to conclude the contract.

(2) If the manager fails to comply with the obligation set out in subsection 1, the authorized owner of share certificates may demand the conclusion of a contract for the purchase of share certificates in court or demand compensation for damages, no later than within a period of 6 months from the date on which the proposal to conclude the share certificate reached the manager contract according to subsection 1.

Chapter 3

Trust Fund

Section 148

(1) An investment fund is created as a trust fund on the basis of a contract; this trust fund cannot be created by any other legal act. It is not possible to create a trust fund by setting aside assets from a collective investment fund. A legal act relating to the creation of an investment fund as a trust must be in writing, otherwise it is void; the court will consider this invalidity even without a proposal.

(2) An investment fund that is created as a trust fund may have several founders. If an investment fund created as a trust fund has several founders, they make decisions by mutual agreement, unless the statute of the trust fund stipulates that only one of them makes decisions or that the decision is taken differently.

(3) The trust fund becomes an investment fund on the day of entry into the relevant list maintained by the Czech National Bank. After the trust fund becomes an investment fund, the founding legal act cannot be declared invalid and its entry in the list of investment funds having the legal form of a trust fund cannot be canceled for this reason.

Section 114 applies *mutatis mutandis* to an investment fund as a trust fund.

Section 149

The provision of Section 1452 of the Civil Code does not apply to an investment fund as a trust fund. Where the Civil Code uses the term "trust fund statute", it means, in the case of an investment fund as a trust fund, the statute of this fund.

Trustee

Section 150

(1) An investment fund as a trust fund has one administrator.

(2) This manager can only be someone who is authorized to manage such an investment fund according to this Act.

(3) Subsection 1 is not affected by the provisions of this Act on entrusting another with the performance of individual activities, which include the management of an investment fund.

(4) Provisions of Section 1454 of the Civil Code shall not apply to an investment fund as a trust fund.

Section 151

An investment company may, under the conditions set out in this Act, be the trustee of a trust fund that is not an investment fund.

Oversight of administration

Section 152

(1) The management of the trust fund, which is an investment fund, is supervised by the manager of this fund.

(2) The provisions of Section 150, subsection 3 shall be applied mutatis mutandis.

Section 153

The provision of Section 1465 of the Civil Code does not apply to an investment fund as a trust fund.

Chapter 4

Joint-stock company with variable share capital

Subchapter 1

Basic provision

Section 154

(1) A joint-stock company with a variable share capital is a joint-stock company that issues shares with which the shareholder's right to redeem them for the account of the company is associated, and whose business name includes the designation "investment fund with a variable share capital", which may be replaced by the abbreviation "SICAV".

(2) Only an investment fund can be a joint-stock company with variable share capital.

Section 155

Basic capital

(1) The share capital of a joint-stock company with variable share capital is equal to its fund capital. The amount contributed by subscribing to the founder's shares is entered in the commercial register as its registered capital (subscribed registered capital); the subscribed share capital shall be stated in the articles of association instead of the share capital.

(2) The amount of the subscribed share capital of a joint-stock company with variable share capital is at least CZK 1, or EUR 1; the provisions of Section 246, Subsection 2 of the Act Governing the Legal Relationships of Business Companies and Cooperatives do not apply to the share capital of a joint-stock company with variable share capital.

Section 156

Content of the statutes

(1) The articles of association of a joint-stock company with variable share capital also contain

- a) information on whether the company can create sub-funds,
- b) the method of determining the remuneration for its management and carrying out its administration as an investment fund,
- c) determining the types of costs that may arise in connection with its management and administration as an investment fund,
- d) asset management principles and rules for the payment of profit shares,
- e) the method of determining the current value of investment shares and the frequency of such determination,
- f) procedures and conditions for issuing and redeeming investment shares,
- g) determination of the lower and upper limits of the capital spread in which the company issues and buys back investment shares, and
- h) the manner in which the intention of one of the owners of the founding shares to transfer these shares is announced (Section 160, subsection 1).

(2) If the articles of association allow for the creation of sub-funds, they shall also determine the rules for their creation and the rules for the payment of costs that may arise in connection with their management and administration.

(3) For a joint-stock company with a variable share capital, the provisions of the Act Governing the Legal Relationships of Business Companies and Cooperatives on stating the number of shares and the total number of votes in the company in the articles of association shall not apply.

Section 157

(1) For a joint-stock company with a variable share capital, the provisions of the Act governing the legal relations of commercial companies and cooperatives, which relate to the nominal value, and the provisions on the subscription and acquisition of own shares, on financial assistance, on the issue price and issue premium, and on the issue warrants.

(2) A joint-stock company with variable share capital, whose general meeting has decided to exclude investment shares from trading on the European regulated market, does not have to make a public contract proposal.

(3) A joint-stock company with variable share capital does not have to create reserve funds.

Subchapter 2

Founder shares and investment shares

Section 158

(1) A joint-stock company with variable share capital issues no-par shares as shares that do not have a nominal value.

(2) Founding shares of a joint-stock company with variable capital are shares subscribed by the founders of the joint-stock company; founder shares remain founder shares that were subscribed by a

person other than the owner of the founder shares, as none of these owners exercised their right of pre-emption pursuant to Section 160, and founder shares that were acquired by a person other than the owner of the founder shares, as none of these owners exercised of its preferential right to subscribe for new founder shares according to Section 161.

(3) Other shares of a joint-stock company with variable capital are investment shares.

(4) The founder's share contains the indication that it is a founder's share; an investment share contains the indication that it is an investment share and information indicating whether there are shares with voting rights.

Founder's shares

Section 159

(1) Founder shares cannot be associated with the right to redeem them at the expense of the company or any other special right.

(2) The founding share cannot be accepted for trading on the European regulated market or on another public market.

(3) For a joint-stock company with variable share capital, the provisions of the Act Governing the Legal Relationships of Business Companies and Cooperatives on changes in the amount of share capital of a joint-stock company and on the decision-making of the general meeting in relation to changes in the share capital of a joint-stock company shall apply only in relation to the subscribed share capital and the founding shares.

Section 160

(1) If one of the owners of the founding shares intends to transfer his founding shares, the other owners of the founding shares have a pre-emptive right to these shares for a period of 6 months from the day on which he notified them of this fact, unless the owner of the founding shares transfers the founding shares to another owner founding shares. If it is not stipulated in the articles of association how they will exercise the right of preemption, they have the right to redeem the founding shares proportionally according to the size of their shares.

(2) The owners of the founding shares have a right of preemption even if one of the owners of the founding shares transfers the founding shares free of charge; then the owners of the founding shares have the right to redeem the founding shares at the usual price. This also applies in other cases of statutory pre-emption.

Section 161

Each owner of the founding shares has a preferential right to subscribe for part of the new founding shares to the extent of his share. Unless the articles of association specify otherwise, each owner of founding shares has a preferential right to subscribe even those founding shares that were not subscribed by another shareholder in accordance with the law. In the following, Sections 485 to 490 of the Act Governing the Legal Relationships of Commercial Companies and Cooperatives shall apply *mutatis mutandis*.

Investment shares

Section 162

(1) Investment shares are associated with the right to redeem them at the request of their owner

for the account of the company or the sub-fund to which they were issued. Investment shares expire upon redemption.

(2) Investment shares are not associated with voting rights, unless the articles of association specify otherwise. The convener of the general meeting is not obliged to send an invitation to the general meeting to owners of investment shares without voting rights pursuant to the first sentence of Section 406 subsection 1 of the Business Corporations Act, unless the law governing the legal relations of commercial companies and cooperatives requires voting at the general meeting according to the type of shares and the owner of the investment share without voting rights is entitled to vote at the general meeting.

Section 163

(1) Investment shares are subscribed on the basis of a public call for their subscription.

Sections 130 to 140 apply *mutatis mutandis* to the issue and redemption of investment shares.

(3) The date of resumption of issuance or redemption of investment shares is

- a) the day following the day on which the period for which the issuance or redemption of investment shares was suspended,
- b) the date of acquisition of legal force of the decision of the Czech National Bank canceling the decision to suspend the issuance or redemption of investment shares, or
- c) the day following the day on which the period for which the issuance or redemption of securities or book-entry securities issued by the master fund was suspended.

(4) In the case of reaching the lower or upper limit of the range specified in Section 156 subsection 1 letter g) the manager of the investment fund, which is a joint-stock company with variable share capital, shall without undue delay take effective measures to remedy the situation, or decide to cancel the fund. An effective measure can be a decision to suspend the issuance and redemption of investment shares, with the provision that subsection 3 and Sections 131 to 140 are applied *mutatis mutandis*.

Assets of joint-stock companies not creating sub-funds

Section 164

(1) A joint-stock company with variable share capital, which does not create sub-funds, separates assets and debts from its investment activities from its other assets in terms of accounting and assets.

(2) To satisfy the creditor's or shareholder's claim for a joint-stock company with variable share capital not creating sub-funds, which arose in connection with its investment activity, only assets from this investment activity may be used. Assets from the investment activity of this company cannot be used to satisfy a debt that is not a debt from its investment activity.

(3) The shareholder's rights to participate in the profit and the liquidation balance, as well as other property rights, associated with the investment shares of a joint-stock company with a variable share capital, which does not create sub-funds, relate only to the assets and debts from the investment activities of this company. This is without prejudice to such a company issuing various types of investment shares under the conditions stipulated by the law regulating the legal relations of commercial companies and cooperatives.

Section 164a

A joint-stock company with variable share capital that has not yet created sub-funds may create one or more sub-funds from assets and liabilities from its investment activities, if its articles of association permit their creation.

Subchapter 3

Sub-funds

Section 165

Assets of joint-stock companies creating sub-funds

(1) A joint-stock company with variable share capital may create sub-funds if its articles of association allow it. The sub-fund is an accounting and property-separated part of its assets. Accounting for the assets of the sub-fund, as well as other facts, is kept in such a way as to enable the preparation of financial statements for each individual sub-fund.

(2) A joint-stock company with variable share capital includes assets and debts from its investment activities in the sub-fund or sub-funds. If a joint-stock company with variable share capital does not include in the sub-fund or sub-funds also assets and debts that are not part of the assets and debts of this company from investment activities, these assets and debts do not constitute a sub-fund.

(3) The subfund has its own investment strategy, unless the articles of association specify otherwise.

(4) To satisfy the creditor's or shareholder's claim for a joint-stock company with variable share capital creating sub-funds, which arose in connection with its investment activity within a certain sub-fund, only the assets of this sub-fund can be used. Assets in the sub-fund cannot be used to meet debt that is not the debt of the same sub-fund.

(5) In the case of a joint-stock company with variable capital, information on whether the company can create sub-funds is also entered in the commercial register.

Section 166

The designation of the sub-fund must contain the characteristic element of a business firm of a joint-stock company with variable capital and the word "sub-fund", or otherwise express its property of a sub-fund.

Section 167

Investment shares in the case of a sub-fund

(1) A joint-stock company with variable share capital issues investment shares for each sub-fund, which represent equal shares in the fund capital of that sub-fund. Investment shares issued to the sub-fund are associated with the right to share in the profit only from the management of this sub-fund and on the liquidation balance only in the event of the termination of this sub-fund with liquidation. This does not preclude a joint-stock company from issuing different types of investment shares to the same sub-fund under the conditions stipulated by the law governing the legal relations of commercial companies and cooperatives.

(2) Investment shares cannot be issued to the sub-fund until the data necessary to identify the

sub-fund have been entered in the relevant list maintained by the Czech National Bank.

(3) The investment share referred to in subsection 1 contains the designation of the sub-fund to which the rights referred to in subsection 1 apply, or other special rights associated with it.

(4) The Articles of Association may determine that only owners of investment shares issued to this sub-fund vote on matters that concern only the sub-fund and do not have a significant impact on other sub-funds, and it is not decisive whether they are owners of shares with voting rights. In such a case, the articles of association shall simultaneously define these matters in more detail.

Section 168

If another legal regulation or legal act requires information about the owner, the name of the sub-fund and information about the investment fund whose sub-fund is in question shall be indicated.

Section 169

Status and communication of key information

(1) Each sub-fund must have a statute. The statute of the sub-fund may be incorporated into the statute of the investment fund, if this does not reduce the comprehensibility of the statute for investors.

(2) The communication of key information of a collective investment fund, whose articles of association allowed the creation of a sub-fund, is drawn up for each sub-fund.

Section 169a

If this Act uses the term "investment fund", "collective investment fund" or "qualified investors' fund", it means, in the case of an investment fund that creates sub-funds, a sub-fund of an investment fund, unless otherwise provided by this Act.

Chapter 5

Joint-stock company with fixed share capital

Section 169b

(1) A joint-stock company with a fixed share capital is an investment fund that is a joint-stock company and not a joint-stock company with a variable share capital pursuant to Section 154.

(2) The business name of a joint-stock company with a fixed share capital may include the designation "investment fund with a fixed share capital", which may be replaced by the abbreviation "SICAF".

(3) The provisions of Section 156 subsection 1 letters a) to e), Section 156 subsection 2 and 3, Section 157 subsection 2 and 3, Sections 165, 166, 168 and 169 shall apply mutatis mutandis to a joint-stock company with a fixed share capital.

Chapter 6

Limited partnership for investment certificates

Section 170

(1) A limited partnership for investment certificates is a limited partnership in which only one

partner is unlimitedly liable for its debts (hereinafter referred to as "general partner") and at least one partner is not liable for its debts (hereinafter referred to as "limited partner"). The shares of the limited partners of the limited partnership in investment certificates are represented by investment certificates.

(2) The business firm contains the designation "limited partnership on investment letters", which can be replaced by the abbreviation "com. spol. for investment leaves" or "ksil".

(3) Only an investment fund or a person referred to in Section 15 subsection 1 may be a limited partnership for investment certificates.

(4) An investment fund that is a limited partnership for investment certificates may create sub-funds.

(5) The provisions of Sections 165 to 169 shall apply mutatis mutandis to a limited partnership for investment certificates which creates sub-funds; where these provisions refer to

a) shareholder, meaning a partner,

b) investment shares, meaning the investment certificates,

c) statutes, meaning the articles of association

(6) The articles of association may provide for any division of profits and losses between the company and the general partner.

Section 171

Types of shares

(1) The articles of association may allow for the creation of various types of shares. Investment certificates, which represent shares with the same rights and obligations, form one type. An investment certificate, which represents a share with no special rights and obligations, is a basic investment certificate.

(2) If so determined by the partnership agreement, the limited partner may own multiple shares, even of different types. If multiple shares are allowed for one limited partner according to the partnership agreement, the company issues an investment certificate for each share, or issues a collective investment certificate; the partnership agreement also contains the designation of the investment certificate by which the share is represented.

(3) Different types of shares, special rights and obligations and their content shall be determined in the partnership agreement.

(4) If the articles of association regulate different types of shares, the information about the type of share and a description of the rights and obligations associated with it, at least with a reference to the articles of association stored in the collection of documents, shall also be entered in the commercial register on the investment certificates of the limited partnership commercial register. Data on limited partners are not entered in the commercial register on the investment certificates of a limited partnership. The court that keeps the commercial register will also make the information about the limited partners contained in the partnership agreement of the limited partnership for investment certificates established in the collection of documents unavailable to the public. Except for the cases stipulated by a special legal regulation, only those who have a legitimate interest in it can receive a copy of the partnership agreement, including information on limited partners.

(5) In case of doubt about the content of a special right or the content of a special obligation

associated with an investment certificate, Sections 121 and 147 shall apply mutatis mutandis.

Investment sheet

Section 172

(1) An investment certificate is a series security that contains at least

- a) the designation "investment certificate",
- b) data necessary to identify the company,
- c) data necessary to identify the limited partner,
- d) the amount of the deposit attributable to the share, and the repaid part of this deposit as of the date of issue of the investment certificate, and
- e) designation of the investment certificate, its number and the signature of the general partner.

(2) An investment certificate cannot be issued as a book-entry security.

(3) When submitting an investment certificate, the limited partnership shall indicate on the investment certificates the current amount of the paid-up part of the deposit, if it differs from the information according to subsection 1 letter d).

Section 173

The investment certificate cannot be admitted to trading on a European regulated market or on any other public market.

Section 174

(1) The partnership agreement of a limited partnership for investment shares may limit, but not exclude, the transferability of investment shares.

(2) Section 210 of the Act Governing the Legal Relationships of Commercial Companies and Cooperatives shall be applied similarly to the transfer of an investment certificate.

Section 175

(1) If the limited partner or another person is obliged to hand over the investment certificate of the limited partnership for investment certificates, he shall hand it over within the time limit specified by the partnership agreement, otherwise within the time limit set by the general partner or the liquidator in a written request.

(2) The general partner or the liquidator shall declare investment certificates that have not been handed in within the period referred to in subsection 1 invalid. The declaration of invalidity of investment certificates will be published on the company's website.

Deposits

Section 176

Before the establishment of a limited partnership on investment certificates, its paid deposits

are managed by the person who is to become a general partner.

Section 177

The deposit obligation of a partner in a limited partnership for investment certificates is fulfilled in money.

Section 178

(1) The contribution of the general partner corresponds to 2% of the total volume of contributions of the founding limited partners, unless the partnership agreement specifies that the amount of the contribution is different for the general partner, or that he does not have a contribution obligation.

(2) Before submitting a proposal for registration of a limited partnership on investment certificates in the commercial register, the full contribution of the general partner must be repaid.

Special provisions on decision-making by partners

Section 179

(1) To adopt a decision to change the partnership agreement, as well as a decision, as a result of which the partnership agreement is changed, the consent of the general partner is required and, if the partnership agreement does not specify a higher majority, the consent of at least a majority of the votes of all limited partners.

(2) The partners cannot reserve the decision-making of matters which otherwise according to this Act or other legal regulation or the partnership agreement belong to the competence of other bodies of the limited partnership for investment certificates.

Section 180

A general partner or a limited partner cannot exercise voting rights if the partners also decide to exclude him or her, or in other cases, if this law or another legal regulation or if the partnership agreement so stipulates. Voting rights that cannot be exercised are not taken into account when making decisions by partners.

Special provisions on the termination of a partner's participation

Section 181

(1) Limited partners may exclude general partners from the limited partnership on investment certificates, only for the reasons stated in the partnership agreement.

(2) A notarial record of the decision of the body of the legal entity must be made on the exclusion of the general partner.

(3) A majority of at least two-thirds of the limited partners' votes must agree to the exclusion of the general partner, unless the partnership agreement specifies a higher majority. Exclusion of a general partner is considered an amendment to the partnership agreement.

(4) The exclusion of a general partner is effective upon the entry of another general partner into the limited partnership on investment certificates. If the general partner joining the limited partnership does not enter the investment shares by amending the partnership agreement within the period specified in the decision on the exclusion of the general partner, but no later than within 3 months from the date

of adoption of this decision, the limited partnership will enter the investment shares upon the expiry of such period into liquidation. The consent of the excluded general partner is not required for the entry of another general partner.

Section 182

(1) Unless otherwise stated in the partnership agreement, the reason for the dissolution of a limited partnership for investment certificates is not the termination of the limited partner's participation in the company.

(2) Upon the death or dissolution of the limited partner, his share in the limited partnership is transferred to the heir or legal successor. The articles of association may prohibit or limit the transfer of the investment certificate.

(3) A limited partner cannot withdraw from a limited partnership in investment shares or cancel his participation by giving notice, unless the partnership agreement stipulates otherwise.

(4) The withdrawal of a general partner is effective as the entry of another general partner into the limited partnership on investment certificates; this also applies to the resignation of a general partner. The outgoing general partner and the general partner who canceled his participation by giving notice have the same obligations towards the entering general partner as the expelled general partner.

Section 182a

Submission of investment certificate

(1) Without undue delay, after the termination of the limited partner's participation in the company without a legal successor, the limited partner, heir or legal successor, as well as the insolvency administrator of the company, shall hand over the investment certificate.

(2) The right to payment of a settlement share or a share of the liquidation balance arises to the limited partner by handing over the investment certificate of the limited partnership for investment certificates, otherwise by publishing a declaration of its invalidity according to Section 175 subsection 2.

(3) The surrendered investment certificate shall be immediately destroyed by the limited partnership for investment certificates or the liquidator.

Chapter 7

Special provisions on limited partnerships

Section 183

(1) This part does not apply to limited partnerships for investment certificates.

(2) A limited partnership that is an investment fund may have only one general partner.

Section 184

Sections 176 to 180 apply mutatis mutandis to a limited partnership that is an investment fund.

Certain Termination of Partner Participation Provisions

Section 185

Section 181 shall apply mutatis mutandis to the exclusion of a general partner of a limited partnership.

(2) The partnership agreement of a limited partnership, which is an investment fund, contains for each limited liability partner the information necessary to identify another partner whom the limited liability partner designated as a key partner for the purposes of his appearance (Section 186, subsection 2), or information about this, that the limited liability partner did not designate another partner in this way for the purposes of his appearance.

Section 186

(1) A limited partner may not withdraw from the limited partnership or cancel his participation by giving notice, unless the partnership agreement stipulates otherwise.

(2) A limited liability partner may also withdraw from this company, if the participation of a partner whom this partner designated in the articles of association as key for the purposes of his withdrawal has ceased to be a member. You can withdraw from a limited partnership within 10 working days from the day when the participation of the partner designated for withdrawal as a key partner has ceased; later appearances are not taken into account.

(3) The withdrawal of a partner pursuant to subsection 1 or 2 is considered an amendment to the partnership agreement.

(4) Section 182, subsection 4, applies mutatis mutandis to general partners.

TITLE III

SOME COMMON QUESTIONS

Section 187

Verification of financial statements

The financial statements of the investment fund and its individual sub-funds are verified by an auditor.

Section 187a

Principle of equal treatment

(1) The manager and the administrator of the investment fund treat all investors on equal terms.

(2) A legal act intended to unreasonably favor any investor to the detriment of the investment fund or other investors is disregarded, unless otherwise specified in this Act or it would be to the detriment of third parties who relied in good faith on such legal act.

Section 188

Investment fund promoter

(1) The promoter of an investment fund is a person who has the right to decide who will be the manager, administrator and depository of this investment fund, as well as to decide on a change in the person of the promoter, manager, administrator or depository.

(2) If the promoter of the investment fund is a legal entity, then the competent authority for this decision is the statutory body of this legal entity; another body of this legal entity, which is otherwise competent to make a decision according to this Act or another legal regulation, does not make a decision in this case.

(3) If the right to decide according to subsection 1 belongs to the body of an investment fund with legal personality, this fact shall be stated in the statute of this investment fund.

(4) If there are more promoters of the investment fund, they take the decision according to subsection 1 by mutual agreement, unless the statute of the investment fund specifies that only one of them decides or that the decision is taken differently.

Section 189

Statute of the investment fund

Every investment fund must have a statute. If the investment fund creates sub-funds, it is sufficient if it has a statute for each of these sub-funds. The statute of the investment fund is issued and updated by its manager.

Calculation of the current value of share certificates, investment shares and other shares in the investment fund

Section 190

(1) The current value of a share certificate is the share of the mutual fund's fund capital corresponding to 1 share certificate.

(2) The basis for calculating the current value of a share certificate is the fund capital of the mutual fund as of the date of calculation of the current value. In the fund capital, the accrual of current costs is taken into account, especially the fees specified in the articles of association, for example, fees for management, administration, performance of depository activities, audit and expected tax liability as of the date of calculation of the current value.

(3) If it is a unit certificate without nominal value or if all unit certificates have the same nominal value, the current value of the unit certificate is determined as the value of the fund capital of this fund divided by the number of issued unit certificates; otherwise, the current value of the share certificate is determined as the value of the fund capital of this fund on the date of calculation of the current value, divided by the sum of all nominal values of the share certificates issued by it in circulation, multiplied by the relevant nominal value of the share certificate, rounded to the number of decimal places specified in its statute.

(4) If special rights are associated with the share certificate, the current value of the share certificate is determined based on the fund capital attributable to individual types of share certificates according to the ratio determined by the calculation specified in its statute.

(5) The current value of the share certificate is calculated without drawing up financial statements.

Section 191

(1) The basis for calculating the current value of an investment share is the fund capital from investment activity in the sense of Section 164, subsection 1, as of the date of calculation of the current value. The provisions of Section 190, subsection 2, second sentence, shall be applied mutatis mutandis.

(2) The current value of an investment share is determined as the value of fund capital from investment activity in the sense of Section 164, subsection 1 of this fund divided by the number of issued shares.

(3) If an investment fund, which is a joint-stock company with variable capital, has created a sub-fund, the current value of the investment share is determined based on the fund capital of the sub-fund.

(4) If special rights are associated with investment shares issued by an investment fund, the current value of the investment share is determined based on the fund capital of this fund, or its sub-fund, attributable to individual types of investment shares according to the ratio determined by the calculation specified in its statute.

(5) Section 190, subsection 5, applies mutatis mutandis to investment shares.

(6) Fund capital of a sub-fund for the purposes of this Act means the value of assets in the sub-fund reduced by the value of debts in the sub-fund.

Section 192

How the current value of a share in an investment fund, which is not represented by a share certificate or investment shares, is determined is determined by the statute of this fund.

Section 193

(1) The current value of a share certificate, investment share or other share in an investment fund is calculated within the period specified in the articles of association.

(2) This length may not be longer than

- a) 2 weeks if it is a standard fund,
- b) 1 month, if it is a special fund that does not invest in real estate or participation in a real estate company,
- c) 1 year, if it is a fund of qualified investors not referred to in letter d), or if it is a special fund which invests in real estate or participation in a real estate company, and
- d) 2 years, if it is fund of qualified investors that invests in real estate or participation in a real estate company and whose manager is not authorized to exceed the applicable limit.

(3) The administrator is not obliged to compensate for damage caused by incorrect calculation of the current value, if

- a) the amount of damage is negligible and the purposefully incurred costs related to its compensation would clearly exceed the amount of compensation, or
- b) the deviation from the correct calculation of the current value does not exceed
 - 1. 0.25% of the value of the fund capital for an investment fund that invests as a money market fund,
 - 2. 0.5% of the value of the fund capital for other investment funds.

(4) An administrator who is not a self-governing investment fund can compensate for damage caused by an incorrectly performed calculation of the current value from the assets of the investment fund, if the investment fund has been enriched as a result of the incorrect determination of the current

value, and only up to the amount of such enrichment.

(5) The current value is not calculated within the period according to Section 130, subsection 2 and Section 133.

Section 193a

Issuance of participating securities of an investment fund with legal personality

Section 130 subsection 1 to 4 shall apply mutatis mutandis to the issue of participating securities by an investment fund with legal personality.

Valuation of assets and liabilities of the investment fund

Section 194

Who values the assets and liabilities of the investment fund,

- a) uses procedures for valuing assets and debts, which always include valuation methods with regard to the investment strategy of the given investment fund, and
- b) must be impartial and independent of the person for whom it is valued.

Section 195

The manager of an investment fund can value the assets and debts of this fund, if the organizational prerequisites of impartiality and independence have been created according to Section 194 letter b), including the management of conflicts of interest, including their detection and prevention.

Section 196

(1) Assets and liabilities of an investment fund from investment activities are valued at fair value according to international accounting standards regulated by European Union law ¹⁰⁾ with the proviso that

- a) to determine the fair value of a bond or a similar security or a book-entry security representing the right to repay the owed amount, it is possible to use the average price between the best binding offer and the demand (middle price) and
- b) to determine the fair value of a share or a similar security or a book-entry security representing a share in a trading company or other legal entity, it is possible to use a value that is announced on a European regulated market or on a foreign market similar to a regulated market and that is announced at the time of later than the valuation moment and closest to the valuation moment.

(2) The Czech National Bank shall establish by decree the procedures for determining the fair value of the assets and liabilities of the investment fund to the extent specified in subsection 1.

Section 197

(1) The administrator of an investment fund may entrust another person with the valuation of the assets and debts of this fund only,

- a) if the trustee is independent of
 - 1. to this administrator,
 - 2. the manager of the investment fund whose assets and debts are to be valued,

3. the investment fund whose assets and debts are to be valued, a
4. to another person with a close connection to the persons listed in points 1 to 3 a

b) if he provides sufficient professional guarantees that he is able to value the assets and debts of the investment fund in accordance with the relevant other legal regulations governing the valuation of assets and debts and the statute of the investment fund.

(2) Whoever has been entrusted by the administrator of an investment fund with the valuation of the property and debts of this fund may not entrust the performance of this activity or the performance of any of the actions or certain actions from this activity to another; if it does, it is ignored.

(3) It is considered that the person whom the administrator of the investment fund intends to entrust or has entrusted with the valuation of the assets and debts of this fund is, in the sense of subsection 1 letter. a) independent, if not

a) by a manager or an employee of this person, nor

b) a shareholder, nominee, founder, partner or silent partner of an investment fund whose assets and debts are to be valued, and in the case of a trust fund, also by a person who increased the assets of the investment fund whose assets and debts are to be valued by contract.

Section 198

(1) The administrator of an investment fund may entrust the valuation of the assets and liabilities of this fund to the depository of this fund only if the depository has established organizational prerequisites

a) for the proper, separate and independent control of these activities within the performance of the depository's activities and

b) impartiality and independence according to Section 194 letter b), including the management of conflicts of interest, including their detection and prevention.

(2) The provisions of Section 197 are not affected by subsection 1, Section 197 subsection 1 letter a) and Section 197 subsection 3 do not apply.

Section 199

The administrator of a special fund or a fund of qualified investors, the manager of which is authorized to exceed the determined limit, can entrust the valuation of the assets and debts of this fund to another only if he is also the manager of this fund.

Section 200

(1) Articles 67 to 74 of Commission Delegated Regulation (EU) No. 231/2013 further define the valuation of assets and liabilities of an investment fund whose manager is entitled to exceed the decisive limit.

(2) The provisions of Sections 50 to 52 are not affected by Sections 197 to 199.

Section 201

(1) Investment instruments in the property of the investment fund are valued within the period specified in the statute. The provisions of Section 193, subsections 2 and 3 shall apply *mutatis mutandis*.

(2) The valuation of investment instruments pursuant to subsection 1 shall be carried out on the day on which the current value of a share certificate, investment share or other share in an investment fund is calculated.

Section 202

(1) Assets and debts of an investment fund not listed in Section 201, subsection 1, are valued within the time limits specified in the statute; these periods may not be longer than 1 year.

(2) Section 201, subsection 2 shall apply mutatis mutandis to the valuation of assets and debts of an investment fund not mentioned in Section 201, subsection 1.

Relation to certain legal regulations

Section 203

(1) The provisions of the Act governing the legal relations of commercial companies and cooperatives on priority shares and on the forced transfer of participating securities shall not apply to the investment fund.

(2) The person who acquires a share in the voting rights of an investment fund is not obliged to make a takeover offer in accordance with the law governing takeover offers. In this context, this or any other person does not even have obligations that are otherwise imposed on them by the law governing takeover bids during a takeover bid.

(3) If this law or the legal regulation implementing it stipulates something other than what follows from the provisions of the Civil Code governing the administration of foreign property, this law or the legal regulation implementing it shall apply.

Section 204

(1) For an investment fund that is a qualified venture capital fund referred to in Article 3 letter b) Regulation of the European Parliament and Council (EU) No. 345/2013, as amended, or by a qualified social business fund referred to in Article 3 letter b) Regulation (EU) No. 346/2013 of the European Parliament and of the Council, as amended, and for a legal entity that is to become a qualified venture capital fund or a qualified social enterprise fund, the provisions of this Act or other legal regulation shall apply in to the extent permitted by the directly applicable regulation of the European Union regulating European venture capital funds ⁷⁾ and the directly applicable regulation of the European Union regulating European social entrepreneurship funds ⁹⁾.

(2) For an investment fund that is a European long-term investment fund and for a legal entity that is to become a European long-term investment fund, the provisions of this Act or another legal regulation shall be applied to the extent permitted by a directly applicable regulation of the European Union regulating European long-term investment funds ¹⁸⁾.

(3) For an investment fund that is a money market fund and for a legal entity that is to become a money market fund, the provisions of this Act or another legal regulation shall be applied to the extent permitted by the directly applicable regulation of the European Union governing funds money market ¹⁹⁾.

PART SEVEN

COLLECTIVE INVESTMENT FUNDS

TITLE I

BASIC PROVISION

Section 205

Money may not be collected in a collective investment fund other than in the manner specified in Section 93.

is prohibited to collect valuable items from the public into the collective investment fund.

Section 206

(1) A collective investment fund may not issue warrants. These securities and book-entry securities cannot be issued even to the account of the collective investment fund.

(2) A collective investment fund may issue a bond or a security or a book-entry security with the right to repay the amount owed, only under conditions under which a loan can be accepted on the account of this fund. This also applies if these securities or book-entry securities are issued to the account of a collective investment fund.

(3) A collective investment fund may not be a party to a silent partnership agreement.

Section 207

(1) The investment strategy of the collective investment fund to the extent specified in Section 93 subsection 3 letter a) to i) is not permissible to change, unless it is a change

a) directly caused by a change in legislation,

b) as a result of a change in the status of a collective investment fund, if this change does not lead to a significantly different way of investing this fund,

c) as a result of a change in the status of the collective investment fund, which allows it to invest as a feeder fund, or

d) as a result of the final decision of the Czech National Bank to limit the scope of the investment strategy (Section 549 subsection 1 and 2).

(2) If the statute of the collective investment fund was changed according to subsection 1 letter b), the administrator of this fund will publish information about the change in the investment strategy and the right to redemption without deduction. Section 211 shall be applied mutatis mutandis to the amendment of the statute according to the first sentence. Information according to the first sentence will be provided by the administrator of this fund to the shareholders of this fund at the same time as they are published.

Section 208

Fund capital of a collective investment fund

(1) The fund capital of a collective investment fund must reach at least an amount corresponding to EUR 1,250,000 within 6 months from the date of creation of the investment fund.

(2) If the average amount of the collective investment fund's fund capital over the past 6 months does not reach the amount specified in subsection 1, its manager shall take effective measures to remedy the situation without undue delay, or decide to cancel the collective investment fund.

(3) At the request of the Czech National Bank or a person with a legitimate interest in it, the court shall cancel the collective investment fund, which has the legal form of a joint-stock company, and order its liquidation, if its fund capital does not reach at least the amount specified in subsection 1. Before making a decision, the court will grant this collective investment fund a reasonable period of time to remedy the situation.

Section 209

Determination of payment for management

The payment for the management of the collective investment fund shall be determined in particular

- a) a share of the average value of the fund capital of the investment fund or its part over a period specified in the statute,
- b) depending on the performance of the investment fund above the specified indicator (benchmark), with which the performance is compared,
- c) depending on the year-on-year growth in the value of the fund capital of this fund corresponding to 1 share certificate, 1 investment share or other share in the investment fund,
- d) a share of the investment fund's operating result or its part before taxation, or
- e) by combining methods according to letters a) to d).

Section 210

Excluded costs

It cannot be included in the costs of the collective investment fund

- a) fines or other property sanctions imposed on its manager, administrator, depositary, prime broker, auditor or other person who provides services for this fund,
- b) the costs of creating a promotional message and the costs of offering investments in this fund, nor
- c) administrative costs and costs of legal and consulting services associated with the conversion or other property disposition related to this fund (part eleven).

Section 211

Redemption of unit certificates and investment shares without deduction

(1) If it has been decided to increase the fee for management or the exit fee above the amount stated in the statute of the collective investment fund, the owners of unit certificates or the owners of investment shares, which are affected by the decision to increase the fee or fee, have the right to buy back the unit issued by this fund certificate or investment share without deduction; however, an amount corresponding to purposefully incurred costs associated with the redemption of this share certificate or this investment share can be deducted.

(2) The period for exercising the right to buy back under subsection 1 must be determined to be at least 30 days from the date of publication of information on the decision to increase the remuneration or fee; upon expiry of this period, the right to buy back pursuant to subsection 1 expires. Part of this

information is also an indication of when the deadline for exercising this right of redemption expires.

Section 212

Change of scope for approval of financial statements, distribution of profit and payment of loss

If the articles of association of a joint-stock company which is a collective investment fund so determine, the approval of the financial statements of this fund, as well as the decision on the distribution of profit or other income from the property of this fund and the decision on the payment of losses from the management of this fund are within the competence of the statutory or supervisory body of the manager of this fund; another body of this collective investment fund, which is otherwise competent to make decisions according to legal regulations, does not make a decision in this case.

Section 213

Publication of disapproval of financial statements

If the competent authority does not approve the financial statements of the collective investment fund within the specified period, or if the court decides that the actions of the competent authority that approved the financial statements are invalid, the manager of this fund will publish this fact, including the method of resolving the comments of his authority or the court, on the website of this fund.

Section 214

Reimbursement of loss

If the collective investment fund shows a loss for the accounting period, the competent authority, when approving the financial statements of this fund for the accounting period in which the loss occurred, will decide on its payment from the assets of this fund.

TITLE II

INVESTMENT AND MANAGEMENT TECHNIQUES

Section 215 [Comment W K]

(1) When managing this fund, the manager of the collective investment fund shall, within the framework of the statute of this fund, establish and maintain and apply

a) the rules for the composition of the assets of this fund, consisting in defining the things that can be acquired into the assets of this fund, and the investment limits that must be observed in relation to these things, including investment limits when copying the composition of the stock index and similar securities representing a share in a trading company or other legal entity or an index of bonds and similar securities representing the right to repay the amount owed or another index,

b) rules for accepting a loan or loan on the account of this fund,

c) rules for using the assets of this fund to provide a loan, loan or gift, to secure the debt of another person or to pay a debt that is not related to the management of this fund, including whether the assets of this fund can be used to provide a loan or loan that is not related with its management, and whether the assets of this fund can be used to provide a gift, to secure another person's debt or to pay a debt that is not related to its management,

d) rules for concluding contracts for the sale of items for the account of this fund, which this fund does not have in its possession or which it has left for a time, including whether contracts for the sale of things

that this fund does not have in its possession can be concluded for the account of this fund or which he has left for a time,

e) techniques for managing this fund,

f) rules for using techniques to manage this fund, including rules for negotiating repo transactions using the assets of this fund and rules for investing in connection with negotiated repo transactions,

g) rules for reducing the risk from the use of derivatives, and if it is a special fund that uses the leverage effect, also the limits for the degree of use of the leverage effect,

h) rules for calculating the total exposure of this fund using the liability method, the gross asset value method, the value-at-risk measurement method, with a distinction according to the absolute risk value and relative risk value model, or another advanced risk measurement method, and

i) limits for total exposure in the case of methods according to letter h).

(2) The government shall determine by regulation for a standard fund, for a special fund, with the distinction of whether it invests in real estate and participation in real estate companies, qualitative requirements for

a) the rules according to subsection 1 letter a) to d) and f) to h), including whether it is possible

1. use the property of the collective investment fund to provide a loan or loan that is not related to its management,
2. use the assets of the collective investment fund to provide a gift, to secure the debt of another person or to pay a debt that is not related to its management, and
3. for the account of the collective investment fund, conclude contracts for the sale of things that this fund does not have in its possession or that it has left for a time,

b) techniques according to subsection 1 letter e) a

c) limits for total exposure according to subsection 1 letter and).

(3) It is contrary to this law if the manager of the collective investment fund does not introduce, maintain or apply the rules, techniques or limits according to subsection 1 as stipulated by this law or the government regulation regulating the investment of investment funds and the techniques for their management.

(4) Repo trade for the purposes of this Act means the sale or other transfer of an item with a simultaneously agreed repurchase or other reverse transfer and the purchase or other transfer of an item with a simultaneously agreed resale or other reverse transfer.

(5) For the purposes of calculating investment limits, limits for total exposure and other limits that result from the statute of the collective investment fund or from the government regulation regulating the investment of investment funds and the techniques for their management, a bond or a security or a book-entry security, with which the right to repay the amount owed, issued by a collective investment fund, is viewed as a loan received on the account of this fund. The provisions of Section 206, subsection 2, sentence two shall be applied mutatis mutandis.

Section 216

(1) If, independently of the will of the manager of the collective investment fund, the compliance of the composition of the assets of this fund with the rules for the composition of the assets of this fund has not been observed, the manager of this fund must restore the compliance of the composition of the assets of this fund with these rules without undue delay; while taking into account the interests of

shareholders or owners of investment shares of this fund.

(2) In connection with the exercise of the preferential right to subscribe for investment securities or money market instruments, which the collective investment fund has or will have in its assets, the composition of the assets of this fund does not have to comply with the rules for the composition of the assets of this fund; however, the manager of this fund must restore compliance with these rules without undue delay after exercising this preferential right.

Section 217

cancelled

Section 218

The manager of a special fund or a comparable foreign investment fund that uses leverage shall, upon its request, certify to the Czech National Bank the adequacy of the limits it has determined for the degree of use of leverage, as well as how it ensures compliance with them.

TITLE III

DISCLOSURE OF INFORMATION

Chapter 1

Statute

Section 219

The statute of the collective investment fund is a document that contains the investment strategy of the collective investment fund, a description of the risks associated with the investment of this fund and other information necessary for investors to make an informed assessment of the investment, processed in a form comprehensible to an ordinary investor.

Section 220

(1) The statute of the collective investment fund contains

- a) data necessary to identify the manager, administrator and depository of the collective investment fund, or data necessary to identify the promoter, if it has been established,
- b) data necessary to identify the collective investment fund,
- c) investment strategy, including investment limits,
- d) risk profile of the collective investment fund,
- e) data on the historical performance of the collective investment fund,
- f) principles for managing the collective investment fund,
- g) data on the payment of shares in the profit or revenues of the collective investment fund,
- h) data relating to unit certificates or shares issued by a collective investment fund,

- i) data on fees charged to investors and costs paid from the assets of the collective investment fund,
- j) data on remuneration principles, at least with a link to the website,
- k) data on the possibility of entrusting another person with the performance of an individual activity that includes the management or administration of an investment fund or a foreign investment fund, and in the event that someone else is entrusted with the performance of an individual activity that includes the management of an investment fund or a foreign investment fund, data on the person in charge,
- l) data relating to sustainability risks according to Article 6, subsection 1 of Regulation (EU) 2019/2088 of the European Parliament and Council²¹⁾ and data according to Articles 5 to 7 of Regulation (EU) 2020/852 of the European Parliament and Council²²⁾ and
- m) other information necessary for investors to make an informed assessment of the investment, including information pursuant to Article 14 of Regulation (EU) 2015/2365 of the European Parliament and of the Council.

(2) If the nature of any information precludes its inclusion in the statute, the information that most closely corresponds to the required information in terms of content shall be provided.

(3) The Czech National Bank shall establish by decree the requirements for the content and structure of the statute of the collective investment fund within the scope of subsection 1.

(4) If the risks related to sustainability are not relevant, the data according to subsection 1 letter l) contain an explanation of the reasons for such a conclusion.

Section 221

The data specified in the statute of the collective investment fund must be continuously updated.

Section 222

Publication of the statute and its changes

(1) The statute of the collective investment fund and any change thereof shall be published without undue delay on the website of this fund.

(2) The publication of the change in the statute of the collective investment fund is also carried out by publishing its new complete wording.

Section 223

Current publication of the statutes

(1) Together with the statute of the collective investment fund, which has the legal form of a joint-stock company, its articles of association shall be published.

(2) The articles of association do not have to be published if the articles of association of the collective investment fund contain information

a) on the fact that the articles of association will be provided to the investor at his request, or

b) about the place where the articles of association can be viewed, while this information is provided for each member state in which securities or book-entry securities issued by a collective investment fund

are publicly offered.

Section 224

Provision of status to the investor upon his request

(1) The administrator of the collective investment fund shall provide each investor, upon his request, with the current status of this fund free of charge.

(2) If it is a feeder fund, the administrator of this fund shall provide the investor, free of charge, with the current statute or a comparable document of his master fund.

Section 225

(1) The statute of the collective investment fund is provided in documentary form.

(2) Under the conditions defined by the directly applicable regulation of the European Union governing the communication of key information ¹¹⁾, the statute of the standard fund can instead be in paper form

- a) provide the investor on an information carrier that does not have a paper form, or
- b) publish only on the website of this fund.

(3) The statute of a special fund can be provided to an investor on an information carrier that does not have a paper form, if

- a) its provision on this information carrier is appropriate to the circumstances under which the business is or is to be conducted between the manager, or the administrator, of the special fund and the investor, and
- b) when choosing between a paper form and an information carrier that does not have a paper form, the investor has expressly chosen this information carrier.

(4) The statute of the special fund can only be provided to the investor on the website of the special fund, if

- a) their provision on the website is appropriate to the circumstances under which the business is or is to be conducted between the manager, or the administrator, of the special fund and the investor,
- b) the investor has given consent to their provision only on the website,
- c) the address of the website including information on where the investor can find the relevant statute was communicated electronically to the investor, and
- d) the investor has the opportunity to use the status at any time for a period appropriate to its purpose.

(5) The administrator of the collective investment fund shall always provide each investor with the status of the collective investment fund in paper form, if the investor requests it.

Section 226

If the investor requests it, the administrator of the collective investment fund will provide him with information on

- a) quantitative restrictions applied in the management of risks associated with the investment of this fund,
- b) techniques applied to the management of this fund,
- c) the development of the main risks associated with the investment of this fund and
- d) the development of income of individual types of things that can be acquired into the assets of this fund.

Chapter 2

Communication of key information

Section 227

The key information statement is a document that contains brief basic characteristics of a collective investment fund, necessary for understanding the nature and risks associated with investing in this fund, processed in a form understandable to the average investor.

Section 228

- (1) The data provided in the key information notice must be continuously updated.
- (2) The administrator shall publish an up-to-date communication of key information of the collective investment fund without undue delay after its execution on the fund's website.

Section 229

General requirements for the communication of key information

- (1) Disclosure of key information
 - a) must not contain unclear, false, misleading or deceptive information,
 - b) must be in accordance with the data specified in the statute of the collective investment fund and
 - c) must be understandable without the need to familiarize yourself with other published or otherwise provided documents that relate to the collective investment fund.
- (2) The administrator of the collective investment fund shall compensate the investor of this fund for the damage caused to him by the fact that the data provided in the communication of key information is unclear, false, misleading or deceptive or is not in accordance with the data provided in the statute of this fund; otherwise, it does not compensate the damage caused to the investor by other incorrectness or incompleteness of the data specified in the key information communication. There is an explicit warning to this effect in the key information communication.

Section 230

Special requirements for the communication of key information

- (1) The requirements, structure, form and requirements for the language expression of the communication of key information of the standard fund, as well as the conditions and method of its continuous updating and the deadline for its publication are defined by the directly applicable regulation of the European Union regulating the communication of key information ¹¹⁾.

(2) The communication of key information of the standard fund must also include a link to the website where detailed information on remuneration principles can be found and a communication that this information will be provided free of charge in paper form upon request. This information must include at least a description of how the rewards are calculated and the identity of the persons responsible for granting the rewards, including the composition of the remuneration committee, if any.

(3) The obligation to provide key information regarding a collective investment fund pursuant to this Act is also considered fulfilled by providing key information in accordance with Regulation (EU) No. 1286/2014²⁴⁾ of the European Parliament and of the Council.

Section 231

Provision of key information to the investor

The administrator of the collective investment fund will provide each investor with an up-to-date communication of key information free of charge and with sufficient time in advance before the investment is made.

Section 232

(1) The administrator will provide the communication of key information in paper form.

(2) The communication of key information of a standard fund can, under the conditions defined by the directly applicable regulation of the European Union governing the communication of key information ¹¹⁾, be provided to the investor instead of in paper form

a) on an information carrier that does not have a paper form, or

b) only on the website of this fund.

(3) For the conditions under which key information of a special fund can be provided to an investor on an information carrier that does not have a paper form, instead of in paper form, or only on the fund's website, Section 225, subsections 3 and 4 shall apply mutatis mutandis.

(4) The administrator of the collective investment fund shall always provide each investor with a communication of key information in paper form, if the investor requests it.

Chapter 3

Annual Report

Section 233

(1) The administrator of the collective investment fund shall publish the annual report of this fund no later than 4 months after the end of the accounting period.

(2) The administrator of a collective investment fund shall provide each shareholder or unitholder with the last published annual report of this fund in paper form, if the shareholder or unitholder requests it. The administrator proceeds in the same way if it is the last published annual report of the master fund, if the collective investment fund is a feeder fund.

Subsections 1 and 2 do not apply to the administrator of a collective investment fund, whose

manager is authorized to exceed the decisive limit and for which an annual report is published in accordance with the law regulating business on the capital market. In this case, it is sufficient if he provides each investor, upon his request, with the information otherwise required under subsection 2, which is not included in the annual report of this fund published according to the law regulating business on the capital market. This data can be provided separately or as a supplement to the annual report.

Section 234

Special requirements of the annual report

(1) The annual report of the collective investment fund also contains

- a) the financial statements verified by the auditor and the auditor's report in full,
- b) data on the activities of its manager in relation to the fund's assets in the accounting period,
- c) data on the total number of shares or unit certificates issued by the fund, which are in circulation at the end of the accounting period,
- d) data on the total number of shares or units of the fund issued and redeemed in the accounting period,
- e) data on fund capital per share of this fund at the end of the accounting period,
- f) data on the composition and changes in the composition of the assets of this fund,
- g) data on the development of fund assets,
- h) comparison of total fund capital and fund capital per share or share certificate for 3 past accounting periods, while the compared values always refer to the end of the accounting period,
- i) data on the resulting volume of liabilities related to the techniques used by the manager to manage the fund, at the end of the accounting period, with a distinction as to whether they are repo transactions or derivatives,
- j) data relating to the promotion of environmental or social properties and sustainable investments pursuant to Article 11 of Regulation (EU) 2019/2088 of the European Parliament and Council 21) and data pursuant to Articles 5 to 7 of Regulation (EU) 2020/852 of the European Parliament and Council 22) a
- k) other essential data that will ensure that the annual report provides investors with a true and fair picture of the financial situation, business activity and the results of the fund manager's management in relation to the fund's assets for the past accounting period, including information pursuant to Article 13 of the Regulation of the European Parliament and the Council (EU) 2015/2365.

(2) The annual report of the special fund also contains

- a) data on significant changes to the data specified in the investment fund's statute, which occurred during the accounting period,
- b) data on wages, salaries and similar income of workers and managers, which can be considered as remuneration, paid by the manager of the investment fund to its workers or managers in the accounting period, broken down into fixed and variable components, data on the number of workers and managers of the manager of this fund and data on any rewards for capital appreciation paid out by the investment fund or its manager,

c) data on wages, salaries and similar income of workers or managers, which can be considered as remuneration, paid by the manager of the investment fund to those of its workers or managers whose activities have a significant impact on the risk profile of this fund, and

d) data specified in Section 34, subsection 2, if the manager specified in Section 34, subsection 1 does not fulfill the obligations set forth in Section 34, subsection 2 or Section 36, subsection 3; the manager of the special fund shall include these data in the annual report of the special fund managed by him, the property of which is related to the share of voting rights.

(3) The annual report of a special fund that invests in real estate or participation in a real estate company also contains

a) data on real estate listed in Section 267 subsection 2 letter a) and c) to g) for each real estate owned by the fund,

b) the purpose for which the real estate was acquired as part of the fund's assets, and if the purpose has changed, the reason for this change and the effects of this change on the fund,

c) data necessary to identify the person who manages the property,

d) the date on which the opinion of an expert or a member of the committee of experts was drawn up pursuant to Section 266,

e) data necessary to identify the expert and member of the committee of experts who valued the property according to Section 266,

f) method of real estate valuation,

g) a description of the criteria on the basis of which the price of the property was determined, if the property was valued in a comparative manner,

h) data necessary to identify the real estate company in which the fund has a stake,

i) the number of real estate owned by the real estate company in which the fund has a stake,

j) data necessary to identify real estate in the property of the real estate company in which the fund has a stake, to the extent of the data specified in letters a) to e),

k) basic information about the members of the committee of experts,

l) data on a significant change in the expected development of cash flows associated with holding real estate or holdings in real estate companies,

m) data on the intended sale of real estate or participation in a real estate company within 2 years from the date of acquisition of the ownership right to the real estate or before the end of the expected period of investment,

n) data on the intention to change the investment strategy,

o) a description of the reasons for non-compliance with investment limits, if they occurred in the relevant accounting period, a

p) other material information relating to real estate or the company's real estate, which will ensure that the annual report provides investors with a true and fair view of the financial situation, business activity and economic results of the fund manager in relation to the fund's assets for the past accounting period.

(4) The annual report of the feeder fund also contains

- a) information on how the investor can obtain the annual report of the master fund of this fund, and
- b) information on what deductions, surcharges or fees will be paid from its assets in connection with the investment of the feeder fund and whether a discount or refund is applied to them.

(5) The annual report of the standard fund also contains data according to subsection 2 letter a) to c) and other relevant information on remuneration.

Articles 103 to 107 of Commission Delegated Regulation (EU) No. 231/2013 define further requirements for the content and structure of the annual report of a special fund that is managed by a manager authorized to exceed the decisive limit.

(7) The Czech National Bank shall establish by decree the requirements for the content of the annual report in the scope of subsections 1 to 5 to the extent that it is not regulated by the directly applicable regulation of the European Union, which implements the directive of the European Parliament and of the Council regulating managers of alternative investment funds ⁶⁾.

(8) If the annual financial report of a special fund is to be published in accordance with the law regulating business on the capital market, the annual report does not need to contain information that is part of the annual financial report. If the annual report is not part of the annual financial report, it shall be published together with the annual financial report.

Auditor's report

Section 235

In his report, the auditor is obliged to comment on the compliance of the collective investment fund's annual report with the financial statements.

Section 236

(1) In the report of the auditor of the feeder fund, the conclusions of the report of the auditor of the master fund u.

(2) If the accounting period of the feeder fund does not coincide with the accounting period of the master fund, the auditor of the master fund will prepare an additional report on the date of the financial statements of the feeder fund; this additional report shall be incorporated into the feeder fund's auditor's report.

(3) The report of the auditor of the feeder fund also includes data on the irregularities of the master fund, to which the report of the auditor of the master fund draws attention, and an explanation of their impact on the feeder fund.

Chapter 4

Semi-annual report

Section 237

(1) The administrator of the collective investment fund shall publish the semi-annual report of this fund no later than 2 months after the end of the first 6 months of the accounting period.

(2) The administrator of the collective investment fund shall provide each shareholder or unitholder with the last published semi-annual report of this fund in paper form, if the shareholder or unitholder requests it. The administrator proceeds in the same way if it is the last published semi-annual report of the master fund, if the collective investment fund is a feeder fund.

Section 238

Special requirements of the semi-annual report

(1) The half-yearly report of the collective investment fund also contains the balance sheet and the data specified in Section 234 subsection 1 letter c), e), f) and a).

(2) The half-yearly report of a special fund that invests in real estate or participation in a real estate company also contains the data specified in Section 234 subsection 3 letter a) to c), f), h) and p).

(3) The semi-annual report of the feeder fund also contains the information referred to in Section 234 subsection 4 letter a).

(4) The Czech National Bank shall establish by decree the requirements for the content of the half-yearly reports of the collective investment fund within the scope of subsections 1 to 3.

Chapter 5

Other data published or otherwise made available in the case of offering investments

Section 239

Data published for the collective investment fund purchasing the securities issued by it or the securities entered in the books and a comparable foreign investment fund

(1) The administrator of a collective investment fund and the administrator of a comparable foreign investment fund, if investments in this fund are publicly offered in the Czech Republic, shall publish

a) at least once within the period according to Section 193, the current value of the share certificate, investment share or other share in the investment fund and each time securities or book-entry securities issued by this fund are issued or redeemed, information on the amount for which they are issued and redeemed securities or book-entry securities issued by this fund,

b) for each calendar month, information on the number of issued and repurchased securities or book-entry securities, and

c) for each calendar month, information on the composition of assets in this fund as of the last day of the month.

(2) Subsection 1 does not apply to the administrator of a special fund that is not an open mutual fund or a joint-stock company with variable capital, and the administrator of a comparable foreign investment fund, if it concerns investments in this fund offered in the Czech Republic.

Section 240

Data published for a collective investment fund that does not purchase securities issued by it or securities held in the books and a comparable foreign investment fund

The administrator of a collective investment fund that does not buy back the securities issued

by it or the securities entered in the books, or of a comparable foreign investment fund, if investments in this fund are publicly offered in the Czech Republic, without undue delay, after the expiration of the relevant period, publicly publishes on the website of this fund

a) at least once within the period according to Section 193, information on the current value of the fund capital of this fund and the current value of the securities issued by it or the securities entered in the books, and

b) for each calendar month, information on the composition of the assets of this fund as of the last day of the month.

Section 241

Informing investors of a special fund managed by a manager authorized to exceed the decisive limit

(1) Investments in a special fund or in a comparable foreign investment fund can be offered in the Czech Republic if the following data are made available to investors before making their investment:

a) the investment strategy of this fund, in particular

1. the main types of things that can be acquired into the fund's assets,
2. investment limits that must be observed in relation to the matters under point 1,
3. information on the techniques for managing the fund and the conditions for their use, including information according to Article 14 of the Regulation of the European Parliament and the Council (EU) 2015/2365,

b) data on the conditions for using the leverage effect, including data on the types of transactions that can be concluded with the use of the leverage effect, on the counterparties of these transactions, on the risks associated with the use of the leverage effect and any limits on the degree of use of the leverage effect,

c) data on agreements presuming the provision of an investment instrument from the assets of this fund as financial collateral or comparable security under the law of a foreign country,

d) information on the home country of its master fund, if it is a feeder fund, and information on the home countries of investment funds or foreign investment funds in which it invests issued securities or book-entry securities, if it invests more than 49% of the value of its assets to securities or book-entry securities issued by an investment fund or a foreign investment fund,

e) data on the conditions under which the investment strategy of this fund can be changed and how the change is carried out,

f) information on the main legal consequences relating to the contractual obligation of the investor in connection with his investment in the fund, in particular information on

1. jurisdiction for resolving disputes arising from the given contract,
2. the law applicable to the given contractual obligation relationship a
3. the existence or non-existence of directly applicable regulations of the European Union or international treaties governing the recognition and enforcement of court decisions in the state in which the fund has its seat, if it is a foreign investment fund comparable to a special fund,

g) data necessary to identify the manager, administrator, depository, prime broker and auditor, as well as a description of the activities of these persons in relation to the fund and the fundamental rights of the investor,

Section 32 are met,

- i) data on which activity, which includes the management or administration of an investment fund or foreign investment fund, was entrusted to another, and a description of which depository activities were entrusted to another according to Section 78, including data necessary to identify the trustee and data on possible conflicts interests arising from the performance of the activity he was entrusted with,
- j) data on the procedures for valuing the assets and debts of this fund and the method of its valuation, including the method of valuing things that are difficult to value,
- k) data on the management of the risk of insufficient liquidity of this fund, including a description of the redemption of securities and book-entry securities issued by this fund under ordinary and extraordinary circumstances and in cases of redemption applications already submitted,
- l) information on all deductions, surcharges and fees and costs of the fund, which are directly or indirectly borne by the investor, and information on their maximum amount,
- m) information on whether, in the event that one of the investors obtains a special advantage or the right to a special advantage, the other investors also have this advantage or right, a description of this special advantage or this right to a special advantage and an indication of the investors who have this advantage or the right they will acquire, including stating the legal and economic ties of these investors to this fund or to the manager and administrator of this fund,
- n) the last annual report of this fund meeting the requirements according to Article 22 of the Directive of the European Parliament and of the Council regulating managers of alternative investment funds ⁵⁾ and according to Article 13 of Regulation (EU) 2015/2365 of the European Parliament and of the Council,
- o) procedures and conditions for the issuance and redemption of securities or book-entry securities issued by this fund,
- p) data on the current value of the fund capital of this fund, or the current market price or the current value of securities or book-entry securities issued by this fund,
- q) data on the historical performance of the fund, if such data are available,
- r) a description of the basic services performed by the prime broker for this fund, a description of the manner in which any conflicts of interest resulting from the services provided by the prime broker will be resolved, and information on the possible transfer of the obligation to compensate the prime broker for damage that would otherwise be prosecuted by the prime broker to another person,
- s) data on the provisions of the depository agreement, which enable the transfer or further use of the assets of this fund by the depository,
- t) data on how and when the data referred to in subsections 3 and 4 are made available,
- u) data on whether the depository has agreed with the authorized person pursuant to Section 82 subsection 2 letter b) on compensation for the loss of investment instruments by the trustee, as well as information on the change and the nature of the change to this agreement, and
- v) data relating to sustainability risks pursuant to Article 6, subsection 1 of Regulation (EU) 2019/2088 of the European Parliament and of the Council 21) and data pursuant to Articles 5 to 7 of Regulation (EU) 2020/852 of the European Parliament and of the Council 22).

(2) The data referred to in subsection 1 must be continuously updated.

(3) If investments in a special fund or in a comparable foreign investment fund, the manager of which is authorized to exceed the determined limit, are offered in the Czech Republic, the following information is also made available to investors:

- a) the share of assets that are subject to special measures due to their low liquidity in the total assets of the fund in question, this figure shall be stated in percentage terms,
- b) new measures taken to manage the risk of insufficient fund liquidity a
- c) the risk profile of the fund and the risk management system applied by the manager.

(4) If investments in a special fund or in a comparable foreign investment fund that invests using the leverage effect are offered in the Czech Republic, investors are also provided with information on

- a) changes in the degree of use of the leverage effect, guarantees provided in connection with the use of the leverage effect, as well as any changes regarding the authorization to further use the provided financial collateral or comparable security under the law of a foreign country and
- b) the degree of use of the leverage effect by this fund.

(5) Articles 108 and 109 of Commission Delegated Regulation (EU) No. 231/2013 define when and in what manner the data referred to in subsections 3 and 4 are made available.

(6) If the risks related to sustainability are not relevant, the data according to subsection 1 letter v) content and explanation of the reasons for such a conclusion.

Chapter 6

Promotional communication regarding the collective investment fund and comparable foreign investment fund

Section 242

cancelled

Section 243

(1) The promotional communication of a collective investment fund and a comparable foreign investment fund, whose investment strategy implies that the value of a security or a book-entry security issued by the fund may be characterized by considerable volatility, must explicitly draw attention to this fact.

(2) Promotional messages of the collective investment fund a s.r.o. of a foreign investment fund that does not invest mainly in investment securities or money market instruments, or that copies the composition of an index of shares or bonds or another index or follows another quantitatively expressed financial indicator (benchmark), must contain a reference to the investment strategy stated in the statute of this fund.

Section 244

The promotional communication of the feeder fund shall include the statement that it invests at least 85% of its assets in securities or book-entry securities issued by its master fund and the name or designation of this master fund.

TITLE IV

STRUCTURE OF THE MASTER FUND AND FEEDER FUNDS

Chapter 1

Basic provision

Section 245

Master fund

(1) The master fund is a collective investment fund, in which the feeder fund invests at least 85% of the value of its assets in issued securities and book-entry securities.

(2) If this Act or another legal regulation is invoked in relation to the master fund of its feeder fund, this shall also mean a comparable foreign investment fund, unless otherwise provided by this Act or another legal regulation.

Section 246

Feeder fund

(1) A feeder fund is a collective investment fund that invests at least 85% of the value of its assets in securities and book-entry securities issued by one master fund.

(2) If this Act or another legal regulation is invoked in relation to a feeder fund of its master fund, this shall also mean a comparable foreign investment fund, unless it follows otherwise from this Act or another legal regulation.

Section 247

(1) In the case of a collective investment fund, only an open mutual fund or a joint-stock company with variable capital can be the master fund, as well as its feeder fund.

(2) If it is a standard fund that is a feeder fund, the master fund can only be a standard fund or a comparable foreign investment fund.

(3) The provisions of this Act governing the structure of the master fund and feeder funds shall apply to the sub-fund or comparable facilities of this fund in the event that the master fund or feeder fund creates sub-funds or, in the case of a foreign investment fund, comparable arrangements.

(4) The European Long-Term Investment Fund may create a structure of a management fund and feeder funds under the conditions specified in the directly applicable regulation of the European Union governing European Long-Term Investment Funds¹⁸⁾.

Section 248

Conditions for the possibility to invest as a feeder fund and basic obligations related thereto

(1) The manager of a feeder fund may invest up to 100% of the asset value of this fund in securities or book-entry securities issued by its master fund,

a) if he has agreed with the manager of the master fund and the administrator of the master fund on the facts according to Sections 251 to 255,

- b) if cooperation is ensured between the depository of the feeder fund and the depository of the master fund in order to properly fulfill the obligations of both depositories; this is not required if both have the same depository,
- c) if cooperation is ensured between the auditor of the feeder fund and the auditor of the master fund in order to properly fulfill the duties of both auditors; this is not required if both have the same auditor,
- d) if the master fund does not invest as a feeder fund,
- e) if the master fund does not invest in securities or in book-entry securities issued by feeder funds,
- f) if the status of the feeder fund has been changed in such a way that it allows it to invest as a feeder fund,
- g) in the case of a master fund that is a foreign investment fund comparable to a special fund, if the securities or book-entry securities issued by the master fund can be publicly offered in the Czech Republic, and
- h) if the deadline according to Section 250, subsection 2, has expired.

(2) The manager of the feeder fund controls the performance of the activities of the manager of the master fund, in whose securities or book-entry securities the property of the feeder fund invests.

(3) During the inspection according to subsection 2, the manager of the feeder fund is based on the information and documents provided to him by the manager, depository and auditor of the master fund, if he has no reasonable doubts about their correctness.

Section 249

Notice of commencement of activity as a feeder fund

(1) If the charter of a collective investment fund has been amended in such a way that it allows this fund to invest as a feeder fund or in a different master fund than before, the administrator of this fund shall publish a notice containing

- a) a statement that the statute of this fund has been changed in this way,
- b) data on where an updated key information statement of this fund and an updated key information statement or an updated comparable document of the master fund can be found,
- c) data on the date on which the limit regarding securities and book-entry securities issued by one investment fund or a foreign investment fund is expected to be exceeded, which results from the legal regulation governing the investment of the investment fund and the technique for its management, and
- d) information on the conditions under which the shares or investment shares issued by him will be redeemed in connection with the publication of this announcement.

(2) At the same time as they are published, the administrator of the feeder fund shall also provide the statement and data specified in the notification pursuant to subsection 1 to its shareholders.

Section 250

The rights of unitholders or shareholders in connection with the notification of the commencement of activities as a feeder fund

(1) By publishing the notice pursuant to Section 249, subsection 1, the unitholders and shareholders of this feeder fund have the right to redeem the unit certificate issued by it and the investment shares issued by it without deduction; however, an amount corresponding to purposefully incurred costs associated with the redemption of this security or a book-entry security can be deducted.

(2) With the expiration of 30 days from the date of publication of the notice pursuant to Section 249, subsection 1, the right to buy back pursuant to subsection 1 shall expire; the manager of the feeder fund in question may specify a longer period, in which case the right to redemption expires upon expiry of this period.

Chapter 2

Agreement of managers and administrators of the feeder fund and the master fund

Section 251

(1) The manager and administrator of the feeder fund and the manager and administrator of the master fund shall agree on the rules of conduct between them.

(2) The agreement according to subsection 1 is not required if both funds have the same manager and the same administrator; in such a case, it is sufficient if the internal regulations of this manager and this administrator regulate matters that would otherwise be regulated by the rules of conduct between managers and administrators, and the manager as well as the administrator establish and maintain procedures for managing conflicts of interest between the master fund and the feeder fund.

(3) Upon request and free of charge, the administrator of the feeder fund shall provide the unitholder and shareholder of the feeder fund with a copy of the agreement pursuant to subsection 1. The same obligation applies to a person in a comparable position as unitholder or shareholder, if it is a feeder fund that is a foreign investment fund.

Section 252

If the agreement pursuant to Section 251 subsection 1 allows it, securities or book-entry securities issued by the master fund may be issued to the property of the feeder fund in exchange for things that the feeder fund has in its property, and securities or book-entry securities issued by the manager may be redeemed by a fund from a feeder fund in exchange for things that the master fund has in its possession.

Section 253

(1) Monetary benefits obtained in connection with investing in investment shares or unit certificates of the master fund for the account of the feeder fund or of the person acting on behalf of the manager of the feeder fund in connection with the management of this fund are income of this feeder fund.

(2) Neither the manager nor the administrator of the master fund may apply any deductions, surcharges or fees to the feeder fund of this master fund for the acquisition or alienation of securities or book-entry securities issued by this master fund.

Section 254

Applicable law

(1) If the Czech Republic is the home state of both the feeder fund and the master fund, the arrangements of the parties to the agreement according to Section 251, subsection 1, are governed by

Czech law.

(2) If it is not a case according to subsection 1, the parties to the agreement according to Section 251 subsection 1 shall determine in this agreement whether its arrangement is governed by the law of the home state of the feeder fund or the master fund.

Section 255

Necessities of the agreement

(1) In the agreement pursuant to Section 251 subsection 1, the parties agree at least,

- a) which securities or book-entry securities issued by the master fund may the feeder fund invest in,
- b) what deductions, surcharges or fees will be paid from its assets in connection with the investment of the feeder fund and whether a discount or refund will be applied to them,
- c) exchange conditions according to Section 252,
- d) periodicity and deadlines for the transmission of information during cooperation in the valuation of assets and debts of the master fund and feeder fund, calculation of the current value of securities or book-entry securities issued by the master fund and feeder fund and publication of data on the current value,
- e) rules of cooperation in ensuring the issuance and redemption of securities or book-entry securities issued by the master fund, including ensuring compliance with the rules of this cooperation, if someone else is entrusted with the performance of this activity,
- f) measures to ensure the timing of the publication of the current value of securities or book-entry securities issued by the master fund and the feeder fund with the aim of preventing price arbitrage,
- g) the method of determining the conversion exchange rate in connection with the issue and redemption of securities or book-entry securities issued by the master fund, if the master fund and the feeder fund do not account in the same currency,
- h) deadlines for issuing and redeeming securities or book-entry securities issued by the master fund; and if it comes into consideration, also the conditions under which, for the redemption of securities or book-entry securities issued by the master fund, a corresponding non-monetary payment will be provided to the property of the feeder fund instead of monetary funds,
- i) rules for handling complaints and claims of unitholders, shareholders and persons in a comparable position as a unitholder or shareholder, if it is a master fund or a feeder fund that is a foreign investment fund,
- j) the conditions under which the manager of the feeder fund and the administrator of the feeder fund will not exercise special rights connected or related to a security or a book-entry security issued by the master fund or arising from the statute of the master fund, if this comes into question,
- k) the method of ensuring cooperation in the preparation of the report of the auditor of the master fund and the report of the auditor of the feeder fund, if the accounting period of the feeder fund coincides with the accounting period of the master fund, or how cooperation is ensured in the preparation of the report of the auditor of the master fund and the report of the auditor of the feeder fund and additional reports according to Section 236 subsection 2, if the accounting period of the feeder fund does not coincide with the accounting period of the master fund,

l) deadlines for handing over the current statute, partnership agreement and communication of key information of the master fund and the feeder fund, as well as documents comparable to them, if it is a foreign investment fund, and the method of handing them over,

m) time limits for the transfer of information on the authorization of another to perform an individual activity, which includes the management of the master fund or which includes the administration of the master fund, and the method of their transfer,

n) deadlines for handing over copies of their internal regulations, especially regulations governing the risk management and compliance system, and the method of handing them over,

o) deadlines for the transmission of information on violations of legal regulations, the statute or a comparable document of the master fund, the statute or a comparable document of the feeder fund, and this agreement, and the method of their transmission,

p) deadlines for the transfer of information on the master fund's open positions from financial derivatives, which will enable the feeder fund to calculate its open position from financial derivatives, and the method of their transfer,

q) deadlines for the transmission of information that the issuance or redemption of securities or book-entry securities issued by the master fund or feeder fund has been suspended, and that it has been resumed, and the manner of their transmission,

r) deadlines for the transmission of information about an error in the valuation of assets or debts of the master fund, and the manner of their transmission, as well as the deadlines for the transmission of information on the correction of this error and the method of their transmission,

s) deadlines for the transmission of information about the proposed change in the statute or a comparable document of the master fund, its partnership agreement and its communication of key information or a comparable document, as well as the fact that the proposed change has become effective, and the method of their transmission; this arrangement is not required if these periods correspond to the periods in which this information is made available to investors,

t) deadlines for the transmission of information on the planned or proposed transformation of the master fund or feeder fund and the method of their transmission,

u) deadlines for the transmission of information that the master fund or the feeder fund has ceased or ceases to meet the conditions required for the master fund or the feeder fund by this Act or comparable provisions of the law of a foreign country, and the method of their transmission,

v) deadlines for the transmission of information about proposed changes in the person

1. the depository of the master fund or feeder fund,
2. the auditor of the master fund or feeder fund,
3. manager of the master fund or feeder fund,
4. the administrator of the master fund or feeder fund,
5. of the person entrusted with the performance of an individual activity, which includes the management of a master fund or a feeder fund, and
6. of the person who was entrusted with the performance of an individual activity, which includes the administration of a master fund or a feeder fund,

as well as the fact that the change in the person referred to in points 1 to 6 has become effective, and the method of their transmission and

w) deadlines for the transmission of information on proposed changes to this agreement and the method of their transmission.

(2) The agreement pursuant to Section 251 subsection 1 obliges the manager of the master fund to inform the manager of the feeder fund, the administrator of the feeder fund, the depository of the feeder fund and the Czech National Bank, or the competent supervisory authority of another member state, without undue delay, of all the information required by this Act, legal by the regulation implementing it and the statute or social contract of the feeder fund.

(3) In the agreement pursuant to Section 251, subsection 1, it shall be stated which law governs its arrangement.

Section 256

The manager of the feeder fund shall, without undue delay, forward to the depository of this feeder fund information about the master fund that can reasonably be considered necessary for the proper performance of the depository's activities.

Part 3

Agreement of depositories of the subordinated and the master fund

Section 257

(1) The depository of the feeder fund and the depository of the master fund shall agree on the rules of conduct between them.

(2) The agreement according to subsection 1 is not required if both funds have the same depository e; in such a case, it will be sufficient if the internal regulations of this depository regulate matters that would otherwise be regulated by the rules of conduct between depositories.

(3) Fulfilling the requirements arising from the agreement according to subsection 1 does not violate the contractually agreed or legally imposed obligation of confidentiality in the area of dealing with confidential information or personal data.

Section 258

Applicable law

(1) The arrangement of an agreement pursuant to Section 257 subsection 1 is governed by the law governing the agreement pursuant to Section 251 subsection 1.

(2) If matters that would otherwise be governed by the rules of conduct between managers and administrators are regulated by an internal regulation pursuant to Section 251, subsection 2, the parties shall determine in the agreement pursuant to Section 257, subsection 1, whether its arrangement is governed by the law of the subordinate's home state fund or master fund.

Section 259

Necessities of the agreement

(1) In the agreement pursuant to Section 257, subsection 1, the parties agree at least

a) the method of mutual communication, including the method of keeping records of this communication, and the method of protecting confidential information and personal data, wherein particular

1. the types of information and personal data and documents they will provide to each other, indicating which types of information and personal data and documents they provide upon

request and which without request, and

2. deadlines for mutual transfer of information and personal data and the method of their transfer,

b) rules enabling the depository to fulfill the control obligations arising from this Act,

c) types of violations of the duties of the manager or administrator of the master fund, about which the depository of the master fund informs the depository of the feeder fund, as well as the deadlines for forwarding this information and the method of forwarding it, and

d) crisis events that they notify each other, deadlines for mutual transmission of information related to crisis events and the method of their transmission.

(2) In the agreement pursuant to Section 257, subsection 1, it shall be stated which law governs its arrangement.

Section 260

(1) The agreement pursuant to Section 257 subsection 1 obliges the depository of the master fund to inform without undue delay the manager of the feeder fund, the depository of the feeder fund and the Czech National Bank, or the competent supervisory authority of another member state, that the manager of the master fund of which it is the depository, breached an obligation arising from this Act, the legal regulation implementing it, the statute or the depository agreement, or about a situation that could have a negative effect on the management of the feeder fund.

(2) The depository of the master fund informs the depository of the feeder fund in particular in cases where it finds out

a) errors in the valuation of assets and liabilities of the master fund,

b) errors in the exchange or redemption of unit certificates or investment shares or errors in applications submitted by the feeder fund regarding the purchase or alienation of unit certificates or investment shares issued by the master fund,

c) errors in the payment of the share of income from the management of assets in the master fund, in the projection of the amount that would otherwise correspond to the paid share of the income from management of assets in the master fund in the current value of the unit certificates or investment shares issued by it, or in the calculation of the related deduction taxes,

d) violation of the master fund's investment strategy, or

e) violation of investment limits and limits on accepting and providing credits and loans.

Chapter 4

Agreement of the auditors of the subordinate and master fund

Section 261

(1) The auditor of the feeder fund and the auditor of the master fund shall agree on the rules of conduct between them.

(2) The agreement according to subsection 1 is not required if both funds have the same auditor; in such a case, it will be sufficient if the internal regulation of this auditor regulates matters that would otherwise be regulated by the rules of conduct between auditors.

(3) Fulfilling the requirements arising from the agreement according to subsection 1 does not violate the contractually agreed or legally imposed obligation of confidentiality in the area of dealing with confidential information or personal data.

Section 262

Applicable law

(1) The arrangement of the agreement pursuant to Section 261 subsection 1 is governed by the law of the state governing the agreement pursuant to Section 251 subsection 1.

(2) If matters that would otherwise be governed by the rules of conduct between managers and administrators are governed by an internal regulation pursuant to Section 251, subsection 2, the parties shall determine in the agreement pursuant to Section 261, subsection 1, whether its arrangement is governed by the law of the home state of the feeder fund or master fund.

Section 263

Necessities of the agreement

(1) In the agreement pursuant to Section 261, subsection 1, the parties agree at least

- a) the types of information and documents that they will provide to each other, indicating which types of information and documents they provide upon request and which without request,
- b) deadlines for mutual transmission of information and documents and the method of their transmission,
- c) how the coordination of the preparation of the auditor's report of the master fund and the auditor's report of the feeder fund is ensured, including the deadlines for providing the auditor's report of the master fund and the method of providing it, if the accounting period of the feeder fund coincides with the accounting period of the master fund, or how it is ensured cooperation in the preparation of the report of the auditor of the master fund and the report of the auditor of the feeder fund and the additional report according to Section 236, subsection 2, including the deadlines for providing the auditor's report of the additional report according to Section 236, subsection 2 or the proposal of this additional report and the method of providing it, if they do not match the accounting period of the feeder fund with the accounting period of the master fund,
- d) what findings or types of findings listed in the auditor's report can be considered an irregularity and
- e) the deadline for handling requests for cooperation submitted by one auditor to another, including requests for additional information regarding the discrepancy mentioned in the report of the auditor of the master fund.

(2) In the agreement pursuant to Section 261, subsection 1, it shall be stated which law governs its arrangement.

Chapter 5

Special information obligations of the Czech National Bank towards the manager of the subordinated investment fund

Section 264

The Czech National Bank informs the manager of a feeder fund, which is a collective investment

fund, of any detected breach of obligations of the manager of the master fund, of any imposed fine, remedial measure or other measure pursuant to this or any other legal regulation that it has imposed on the manager of the master fund, the depository of the master fund of the fund, stating the reason for the imposition of this measure or fine, as well as any disciplinary measure imposed on the auditor of the master fund by the Chamber of Auditors of the Czech Republic.

CHAPTER V

VALUATION OF REAL ESTATE

Section 265

cancelled

Section 266

(1) The property that a manager of a collective investment fund intends to acquire into or sell from the assets of that fund, will be appraised by 2 persons who are members of the committee of experts of the manager of the fund in question, or an independent expert in the field of real estate appraisal in accordance with the law regulating experts. The expert is chosen by the manager.

(2) It is considered that an expert is independent in relation to a collective investment fund that invests in real estate and participation in a real estate company, if he is not

- a) a manager or an employee of the manager of this fund,
- b) a manager or employee of a real estate company in which this fund has a stake,
- c) a manager or an employee of a person who is a member of a concern of which the manager of this fund is a member, or
- d) a unitholder or shareholder of this fund.

Section 267

Opinion of an expert or a member of a committee of experts

(1) As of the date of acquisition or forfeiture of the ownership right to real estate, no more than 6 months may elapse from the date on which the opinion of an expert or a member of the committee of experts was drawn up pursuant to subsection 2.

(2) The opinion of an expert or a member of the expert committee includes

- a) data necessary to identify the property,
- b) the price of the property determined by an expert or a member of a committee of experts,
- c) method of current use of the property and degree of occupancy,
- d) a brief description of the property,
- e) description of defects in the property,
- f) basic information on absolute and relative property rights relating to real estate,

- g) technical condition of the property,
- h) the last known and estimated future net profit from the property, indicating the future use of the property,
- i) description of permanent or long-term sustainable properties,
- j) description of local real estate market conditions and its expected development a
- k) other essential information that may affect the price of the property.

Section 268

Committee of experts

(1) The manager of a collective investment fund, which, according to its statute, invests in real estate or by participating in a real estate company, establishes a committee of experts as its body.

(2) The committee of experts has at least 3 members, the number of its members is odd, and its members are appointed and dismissed by the manager.

(3) The total term of office of an individual member of the committee of experts may not be longer than 3 years, while the same person may be appointed to the committee of experts of the same collective investment fund at the earliest after the expiration of 3 years from the date of termination of his previous membership.

(4) Only a person who is independent, trustworthy and professionally qualified and has experience in determining the value of real estate can be a member of the committee of experts. Anyone who does not meet the stated conditions or whose side is hindered from performing the function will not become a member of the committee of experts, even if the manager has decided to do so. If a member of the committee of experts ceases to fulfill these conditions, his function ceases.

Section 269

The competence of the committee of experts

(1) Committee of experts

a) monitors the condition, use and other facts that may affect the value of real estate owned by the collective investment fund and real estate owned by the real estate company in which this fund has a stake,

b) assesses the valuation of real estate in the property of this fund or the real estate company in which this fund has a stake, before the legal act for which the valuation is carried out,

c) determines at least twice a year, for the purposes of determining the current value of a share certificate or investment share, the value of real estate owned by this fund and real estate owned by the real estate company in which this fund has a stake, and

d) ensures at least twice a year, for the purposes of determining the current value of the share certificate or investment share, the value of the participation of this fund in the real estate company.

(2) A member of the committee of experts performs his function with professional care, proceeds in the performance of his function properly and prudently, and is liable to the manager and shareholders or unitholders of the collective investment fund in question for the damage caused by

breach of his duties or unprofessional performance of his function.

Section 270

Expert committee procedure

(1) In order to monitor and determine the value of real estate in the property of a collective investment fund or in the property of a real estate company in which this fund has a stake, the committee of experts is based on the purchase price or the latest assessment of an expert or a member of the committee of experts.

(2) In justified cases, the committee of experts may recommend to the manager of the collective investment fund to ensure a new valuation of the property by an independent expert.

Section 271

Independence of the expert committee member

It is considered that a member of the committee of experts is independent in relation to a collective investment fund that invests in real estate and participation in a real estate company, if he similarly fulfills the prerequisites according to Section 266, subsection 2.

PART EIGHT

FUNDS OF QUALIFIED INVESTORS

TITLE I

BASIC PROVISION

Section 272

Qualified investor

(1) A share in a fund of qualified investors can only be contractually acquired, and in the case of a trust fund, the founder of the fund of qualified investors or the person who increases the assets of the fund of qualified investors by contract, as well as a silent partner of the fund of qualified investors, can only be,

- a) the person referred to in Section 2a subsection 1 of the Act Regulating Business on the Capital Market,
- b) the person referred to in Section 2a subsection 2 of the Act regulating business on the capital market,
- c) a manager or a comparable foreign person for the account of an investment fund or a foreign investment fund that he manages,
- d) a pension company for the account of a participating fund or a transformed fund that it manages,
- e) a person carrying out activities according to Section 2 letter b),
- f) a legal entity subordinate to the central state administration body,
- g) a person who, according to the law governing business on the capital market or the law of another member state, is considered a customer who is a professional customer in relation to investments in a given fund of qualified investors,

h) a person who has made a statement that he is aware of the risks associated with investing in this fund of qualified investors, if he is a shareholder, founder or partner of another investment fund or foreign investment fund that is managed by the same manager as this fund or whose administration carried out by the same administrator as this fund, and if the amount of the repaid deposit or repaid investment in these funds, as well as the property managed pursuant to Section 11 subsection 1 letter c), if it is managed by the same manager as this fund, in its sum total of at least

1. EUR 125,000, or
2. CZK 1,000,000, if the manager or administrator of this fund of qualified investors, or a person authorized by him, confirms in writing that, on the basis of information obtained from the investing person, similarly to the provision of the main investment service referred to in Section 4 subsection 2 letter d) or e) of the Act on Business on the Capital Market reasonably believes that this investment corresponds to the financial background, investment objectives and professional knowledge and experience in the field of investments of the investing person or".

i) a person who has made a statement that he is aware of the risks associated with investing in this fund of qualified investors and whose paid-up deposit or paid-up investment in this fund corresponds to the amount of at least

1. EUR 125,000, or
2. CZK 1,000,000, if the manager or administrator of this fund of qualified investors, or a person authorized by him, confirms in writing that, on the basis of information obtained from the investing person, similarly to the provision of the main investment service referred to in Section 4 subsection 2 letter d) or e) of the Act on Business on the Capital Market reasonably believes that this investment corresponds to the financial background, investment objectives and professional knowledge and experience in the field of investments of the investing person.

(2) The person referred to in subsection 1 is a qualified investor. The restriction according to subsection 1 does not apply to the manager of the qualified investors' fund concerned and to the founder's shares.

(3) If someone has acquired a share in a fund of qualified investors in violation of subsection 1, or if someone has become a founder or silent partner of a fund of qualified investors or a person who increases the assets of a fund of qualified investors by contract, in violation of subsection 1, the to.

(4) Declaration according to subsection 1 letter h) and a) must be made in writing and separately and not as part of the terms governing the contract between the parties.

(5) It is prohibited for the amount of the deposit or investment to fall below the minimum amount specified in subsection 1 letter h) or i). The possibility of a qualified investor to cease to be a qualified investor of a fund of qualified investors is not affected by this.

(6) At the proposal of the Czech National Bank or a person with a legitimate interest in it, the court shall cancel the fund of qualified investors and order its liquidation, if it does not meet the prerequisites required under subsection 1. Before making a decision, the court shall grant the fund of qualified investors a reasonable period of time to remedy the situation.

Section 273

(1) The provisions of Section 272 subsections 1 and 6 shall not apply to a fund of qualified investors, which is a qualified venture capital fund pursuant to Article 3 letter b) Regulation of the European Parliament and the Council (EU) No. 345/2013, as amended, by a qualified social business fund according to Article 3 letter b) Regulation of the European Parliament and Council (EU) No. 346/2013, as amended, or by the European Long-Term Investment Fund.

(2) The court, on the proposal of the Czech National Bank or a person who has a legitimate

interest in it, shall cancel the fund of qualified investors, which is a qualified risk capital fund pursuant to Article 3 letter b) Regulation (EU) No. 345/2013 of the European Parliament and of the Council, as amended, and orders its liquidation if its shareholder, founder, partner or silent partner and, in the case of a trust fund, also the person who increased its assets by contract does not comply, a prerequisite required by Article 6 of Regulation (EU) No. 345/2013 of the European Parliament and of the Council, as amended. Before making a decision, the court will grant the fund of qualified investors a reasonable period of time to remedy the situation.

(3) The court, on the proposal of the Czech National Bank or a person who has a legitimate interest in it, shall cancel the fund of qualified investors, which is a qualified fund of social entrepreneurship according to Article 3 letter b) of the directly applicable regulation of the European Union governing European social enterprise funds, and orders its liquidation if its shareholder, founder, partner or silent partner and, in the case of a trust fund, also the person who increased its assets by contract, does not meet the prerequisites required under Article 6 of the Regulation of the European Parliament and the Council (EU) No. 346/2013, as amended. Before making a decision, the court will grant the fund of qualified investors a reasonable period of time to remedy the situation.

Section 274

Deposits and investments

(1) No one can be exempted from the obligation to deposit the object of the deposit or the obligation to invest in the minimum amount or in the amount determined by the statute of the fund of qualified investors; if it does, it is ignored.

(2) Before submitting a proposal for registration of a fund of qualified investors in the commercial register or without undue delay after the establishment of a fund of qualified investors, which has the legal form of a trust fund or mutual fund, at least their minimum amount shall be repaid for each deposit or investment.

Section 275

Fulfillment of the deposit obligation in parts

(1) If the partnership agreement of the fund of qualified investors so determines, the partner fulfills the deposit obligation in parts.

(2) The deposit obligation pursuant to subsection 1 shall be fulfilled within the time limit and to the extent determined by the statutory body in a written request.

(3) The call shall be notified to the partner at least 10 working days before the day on which the relevant part of the deposit becomes due.

(4) A partner who is in arrears in fulfilling the deposit obligation pursuant to subsection 1 may not, in addition to the consequences associated with the partner's delay in fulfilling the deposit obligation in the law governing the legal relations of commercial companies and cooperatives, exercise voting rights and has the obligation to compensate the company for all monetary benefits that he received from it.

Section 150 subsection 1 and Section 344 subsection 1 of the Act Governing the Legal Relationships of Business Companies and Cooperatives shall not apply to the fund of qualified investors.

Section 276

Remuneration of a member of the statutory body and reimbursement of the necessary expenses of a member of the statutory body or partner

(1) In addition to the right to reimbursement of expenses according to the law regulating the legal relations of commercial companies and cooperatives, which the statutory body or its member or partner has, if it concerns expenses incurred by him in arranging the affairs of the fund and which he could reasonably consider necessary, the member has the statutory body of the fund of qualified investors the right to remuneration.

(2) The social contract of the fund of qualified investors t as it contains

a) the method of determining the remuneration of a member of the statutory body of this fund and the conditions and extent of payment of the remuneration from the fund's assets, as well as whether the member of the statutory body of this fund can be paid advances on his remuneration, including repeatedly, and

b) the method of determining the expenses incurred by a member of the statutory body or a partner of this fund in arranging the affairs of the fund and which he could reasonably consider necessary, their maximum permissible amount and the conditions and extent of reimbursement of these expenses from the fund's assets, as well as whether a member of the statutory body can to the authority or partner of this fund to pay advances for these expenses, even again.

increase or decrease the remuneration of the member of the statutory body of this fund appropriately. The reason for reducing the remuneration is mainly the fact that this member of the statutory body violated one of his duties.

Section 277

Changes to the social contract

(1) If the partners of the qualified investors' fund do not agree otherwise in the articles of association, or if nothing else follows from this Act, the consent of all partners who are members of the statutory body or the statutory body of the manager shall be sufficient for its amendment. However, if the amendment of the partnership agreement is to adversely affect the partner's right, the consent of the partner whose right is affected is also required for its amendment.

(2) The partnership agreement can also be changed by unilateral action of the statutory body of the manager, if this law so provides and, unless the partnership agreement excludes it, if it is a change directly caused by a change in legislation, the correction of written or printing errors, or an amendment that logically follows from the content of the social contract.

Section 278

The right to refuse to provide information

(1) The right of a shareholder or partner to inspect all documents of the fund of qualified investors and to check the information contained therein can be refused in whole or in part only if

a) if the provision of information could harm the fund of qualified investors or the persons in whom this fund invests,

b) if it is inside information or classified information according to another legal regulation,

c) if the information is part of the trade secret of the fund of qualified investors,

- d) if the provision of information would lead to criminal or administrative liability of its administrator, depository, prime broker or fund of qualified investors, or
- e) if the requested information is publicly available.

a permanent arbitral tribunal specified in the partnership agreement, will decide on the proposal of a partner or shareholder whether there is an obligation to provide information. The right asserted in court, arbitrator or permanent arbitration court after 1 month from the day of refusal to provide information is not taken into account.

Section 279

Prohibition of competition and other prohibited conduct

- (1) The manager of a fund manager of qualified investors may not
 - a) without the consent of the partners or the supervisory body of the manager, to conduct business in the subject of this fund, neither for the benefit of other persons, nor to mediate the fund's transactions for another,
 - b) acquire or increase a direct or indirect share in the share capital or voting rights of a person who issued securities or book-entry securities in which this fund invests, or persons in whose participation the fund invests, without the consent of the partners or the supervisory body of the manager.
 - c) use information about an investment opportunity that he evaluates as suitable for the investment of this fund, so that, on the basis of such information, before the relevant investment of the fund takes place, on his account or on the account of another person
 - 1. acquired or alienated the thing to which the investment opportunity relates, or acquired or alienated another thing whose value is related to the thing to which the investment opportunity relates, or
 - 2. directly or indirectly made a recommendation to another person to acquire or dispose of an item to which the investment opportunity relates, or another item whose value is related to the item to which the investment opportunity relates, and
 - d) without the consent of the partners or supervisory body of the manager, accept a loan or loan from this fund or provide a loan or loan on behalf of the fund to a person forming a concern with a member of the statutory body of the manager or to a person close to a member of the statutory body.
- (2) If the manager of the manager of the fund of qualified investors learns that a person with whom he forms a concern, or a person close to him, has legally acted in the manner specified in subsection 1, he shall inform the shareholders or the supervisory body of this manager without undue delay.
- (3) The articles of association may prohibit competition pursuant to subsection 1 letter a), b) and d) modify differently. For permission according to subsection 1 letter a) or to amend the partnership agreement, by which the condition established in subsection 1 letter a) regulates differently, a majority of at least three-fourths of the shareholders' votes is required.

Fund capital of the fund of qualified investors

Section 280

The fund capital of a fund of qualified investors must reach at least an amount corresponding to EUR 1,250,000 within 12 months from the date of creation of the investment fund, unless it is a case according to Section 281.

Section 281

Fund capital of a fund of qualified investors, which, according to its statute, invests more than 90% of the value of the assets of this fund in securities or book-entry securities representing a share in a trading company or other legal entity, participation in trading companies or other legal entities, or intellectual property rights, must reach at least an amount corresponding to EUR 1,000,000 within the period specified in the articles of association and, if it is possible with regard to its legal form, also in the articles of association.

Section 282

(1) If the average amount of the fund capital of the fund of qualified investors for the last 6 months does not reach the amounts specified in Section 280 or 281, its administrator shall take effective measures to remedy the situation without undue delay, or decide to cancel the fund of qualified investors.

(2) At the proposal of the Czech National Bank or a person with a legitimate interest in it, the court shall cancel the fund of qualified investors with legal personality and order its liquidation, if the fund capital of the fund of qualified investors does not reach at least the amounts specified in Section 280 or 281. Before making a decision, the court will grant the fund of qualified investors a reasonable period of time to remedy the situation.

Section 283

Right of pre-emption in case of enforcement of decision and execution

(1) In the case of ordering the execution of a decision by selling a share certificate, investment certificate, share certificate, a share that is not a founder's share, a partner's share in a limited liability company, a limited partnership or a European company or a cooperative share, or in the case of issuing an execution order for the sale of this security, book-entry security or share, other shareholders who are owners of the same type of share certificate, or partners who are owners of the same type of investment certificate, share certificate or share that is not founder shares, or the same type of share, have a right of pre-emption to securities papers, book-entry securities or shares that are subject to enforcement of a decision or enforcement order.

(2) In the case of ordering the execution of the decision by selling the founder's share or in the case of the issuance of an execution order for the sale of the founder's share, the owners of the founder's shares have the right of pre-emption according to Section 160.

(3) Subsections 1 and 2 apply only to the fund of qualified investors, unless otherwise provided by another legal regulation.

Section 283a

Sections 212 to 214 apply mutatis mutandis to the fund of qualified investors. Where these provisions call for publication on the fund's website, their other disclosure to investors will suffice.

TITLE II

INVESTMENT AND MANAGEMENT TECHNIQUES

Section 284

(1) When managing this fund, the fund manager for qualified investors shall, within the framework of the fund's statute, establish and maintain and apply

- a) rules for the composition of the property, consisting in the definition of things that can be acquired into the assets of this fund, and investment limits that must be observed in relation to these things, including, if applicable, investment limits when copying the composition of the index,
- b) rules for accepting a loan or loan on the account of this fund,
- c) rules for using the assets of this fund to provide a loan, loan or gift, to secure the debt of another person or to pay a debt that is not related to the management of this fund, including whether the assets of this fund can be used to provide a loan or loan that is not related with its management, and whether the assets of this fund can be used to provide a gift, to secure another person's debt or to pay a debt that is not related to its management,
- d) rules for concluding contracts for the sale of items for the account of this fund, which this fund does not have in its possession or which it has left for a time, including whether contracts for the sale of things that this fund does not have in its possession can be concluded for the account of this fund or which he has left for a time,
- e) techniques for managing this fund,
- f) rules for using techniques to manage this fund, including rules for negotiating repo transactions using the assets of this fund and rules for investing in connection with negotiated repo transactions,
- g) rules for reducing the risk from the use of derivatives, and if leverage is used, also limits for the degree of use of the leverage effect,
- h) rules for calculating the total exposure of this fund using the liability method, the gross asset value method, the value-at-risk measurement method, with a distinction according to the absolute risk value and relative risk value model, or another advanced risk measurement method, and
- i) limits for total exposure in the case of methods according to letter h).

(2) The government may, by regulation, establish qualitative requirements for the rules pursuant to subsection 1 letter a) to d) and f) to h), techniques according to subsection 1 letter e) and limits for total exposure according to subsection 1 letter and).

(3) It is contrary to this law if the manager of a fund of qualified investors does not introduce, maintain or apply rules, techniques or limits as stipulated by this law or government regulations regulating the investment of investment funds and techniques for their management.

Section 285

(1) If, independently of the will of the manager of the fund of qualified investors, the compliance of the composition of the assets of this fund with the rules for the composition of the assets of this fund has not been observed, the manager of this fund must restore the compliance of the composition of the assets of this fund with these rules without undue delay; at the same time, it will take into account the interests of shareholders, partners or beneficiaries of this fund.

(2) In connection with the exercise of the preferential right to subscribe for investment securities or money market instruments that the fund of qualified investors has or should have in its assets, the composition of the assets of this fund does not have to comply with the rules for the composition of the assets of this fund; however, the manager of this fund must restore compliance with these rules without undue delay after exercising this preferential right.

Section 286

cancelled

Section 287

The manager of a fund of qualified investors or a comparable foreign investment fund authorized to exceed the determined limit, if he uses the leverage effect, shall certify to the Czech National Bank at its request the adequacy of the limits he has determined for the degree of use of the leverage effect, as well as how he ensures their compliance.

TITLE III

DISCLOSURE OF INFORMATION

Chapter 1

Status

Section 288

The statute of the fund of qualified investors is a document that contains the investment strategy of the fund of qualified investors, a description of the risks associated with investing in this fund and other information necessary for investors to make an informed assessment of the investment.

Section 289

The data specified in the charter of the fund of qualified investors must be continuously updated.

Chapter 2

Annual Report

Section 290

(1) The administrator of a fund of qualified investors, the manager of which is authorized to exceed the determined limit, shall prepare the annual report of this fund no later than 4 months after the end of the accounting period.

(2) The administrator of a fund of qualified investors, whose manager is authorized to exceed the determined limit, shall provide each partner or unitholder with the latest annual report of this fund in paper form, if the partner or unitholder requests it.

(3) Subsections 1 and 2 and Section 291 shall not apply to the administrator of a fund of qualified investors, whose manager is authorized to exceed the determined limit and for whom an annual report is published in accordance with the law regulating business on the capital market. In his case, it is sufficient if he provides each investor at his request with the data required under Section 291, which are not included in the annual report of this fund. These data can be provided separately or as a supplement to the annual report.

Section 291

Special requirements of the annual report

(1) For the annual report of a fund of qualified investors, the manager of which is authorized to exceed the decisive limit, Section 234 subsection 1 letters a), b) and j) and Section 234 subsections 2, 6 and 8 shall apply accordingly.

Article 12 of the Regulation of the European Parliament and the Council (EU) No. 345/2013, as amended, shall be applied mutatis mutandis for the annual report of a fund of qualified investors whose manager is not authorized to exceed the decision limit.

(3) The Czech National Bank establishes by decree the requirements for the content of the annual report in the scope of subsection 1 to the extent that it does not regulate the directly applicable regulation of the European Union, which implements the directive of the European Parliament and the Council for the governing administrator of alternative investment funds ⁶⁾.

Section 292

Auditor's report

The auditor is obliged to comment on the compliance of the annual report of the fund of qualified investors with the financial statements.

Chapter 3

Informing investors of the Qualified Investor Fund

Section 293

(1) Section 241 shall be applied mutatis mutandis for the offering of investments in a fund of qualified investors or in a comparable foreign investment fund, the manager of which is authorized to exceed the decisive limit.

(2) Article 13 of Regulation (EU) of the European Parliament and of the Council No. 345/2013, as amended, shall be applied mutatis mutandis for the offering of investments in a fund of qualified investors or in a comparable foreign investment fund, the manager of which is not authorized to exceed the determined limit.

(3) Data according to subsections 1 and 2 shall be made available at least in Czech, Slovak or English.

PART NINE

INVESTMENT OFFER

TITLE I

BASIC PROVISION

Section 294

Offering investments

(1) Offering investments in an investment fund or in a foreign investment fund is

a) offering share certificates or comparable securities or book-entry securities issued under the law of a foreign state or participation securities issued by an investment fund or a foreign investment fund, or

b) offering another opportunity to become a shareholder, nominee, founder, partner or silent partner of an investment fund or foreign investment fund or, in the case of a trust fund or comparable facility, also a person who increases the assets of this fund by contract.

(2) The offering of investments pursuant to subsection 1 also includes the offering of investments related to a sub-fund of an investment fund or a comparable facility of a foreign investment fund. The provisions governing the offering of investments in an investment fund or in a foreign investment fund shall apply mutatis mutandis to the offering of investments relating to its sub-fund or a comparable facility.

Section 295

The investor's own initiative decision

The offer of investments pursuant to Section 294, subsection 1, is not considered if the investor makes a decision to purchase a security or a book-entry security issued by an investment fund or a foreign investment fund or otherwise become a shareholder, trustee, founder, partner or silent partner of an investment fund or a foreign investment fund or, in the case of a trust fund or a comparable facility, also by a person who increases the assets of this fund by contract, on his own initiative.

Section 295a

Public and non-public offerings

(1) Investments in an investment fund or in a foreign investment fund may be publicly offered in the Czech Republic only under the conditions established by this Act, even if this fund is entered in the relevant list maintained by the Czech National Bank; this does not affect Section 305 subsection 1 and Section 325a.

(2) Investments in an investment fund or in a foreign investment fund can be offered in the Czech Republic to those who are not qualified investors, other than publicly (private placement), only if such investments can be offered publicly in the Czech Republic, or the number of such persons does not exceed 20.

Section 296

Offering investments in the funds of qualified investors and in comparable foreign investment funds

Investments in a fund of qualified investors or in a comparable foreign investment fund can be publicly offered in the Czech Republic by a shareholder, nominee, founder, partner or silent partner of this fund or, in the case of a trust fund or a comparable facility, also by a person who increases the assets of this fund by contract, with however, only a qualified investor can stand; this must be explicitly pointed out during the public offering.

Section 297

Offering investments in foreign investment funds comparable to a special fund

(1) Investments in a foreign investment fund comparable to a special fund may be publicly offered in the Czech Republic to other than qualified investors only if the manager of this fund is authorized to exceed the decisive limit on the basis of a permit granted by the Czech National Bank or on the basis of a permit granted by the supervisory authority of another of a Member State in accordance with the requirements set out in Articles 6 to 8 of the Directive of the European Parliament and of the Council regulating alternative investment fund managers⁵⁾, the obligation set out in Section 306

subsection 1 is fulfilled and the Czech National Bank issues a decision in accordance with subsection 3. To fulfill the obligation set out in Section 306, subsection 1, in this case, Section 306, subsection 2 shall be applied *mutatis mutandis*.

(2) If the fund manager according to subsection 1 is not authorized to exceed the decision limit, or if the Czech National Bank has not decided according to subsection 3, Section 296 shall be applied *mutatis mutandis* for offering investments according to subsection 1.

(3) The Czech National Bank shall decide whether a foreign investment fund is comparable to a special fund within 20 working days from the date of submission of an application that meets the prescribed requirements and does not suffer from other defects.

(4) The application according to subsection 3 can only be submitted electronically; the application must contain data and documents proving the fulfillment of the conditions established by this law. The Czech National Bank shall determine by decree the requirements of the application certifying the fulfillment of the conditions set forth in this Act, its form and method of submission.

(5) The manager of a foreign investment fund comparable to a special fund shall electronically inform the Czech National Bank without undue delay of any change in the circumstances on the basis of which the decision referred to in subsection 3 was issued.

(6) The Czech National Bank shall cancel the decision referred to in subsection 3 if the foreign investment fund ceases to be comparable to a special fund.

Section 297a

Preliminary offering of investments

(1) The preliminary offering of investments is the activity of a business manager authorized to exceed the decisive limit based in a member state or his representative consisting of providing information on investment strategies or investment representatives to the persons listed in Section 2a subsection 1 or 2 of the Act on Business on the Capital Market and to persons, which according to the law on business on the capital market or according to the law of another Member State, are considered in relation to investments in the given fund as a customer who is a professional customer with a residence or registered office in a Member State, the aim of which is to check the interest of these persons in a special fund, a fund of qualified investors or a comparable foreign investment fund whose home state is a member state, or a sub-fund thereof or a comparable foreign facility, if

a) this fund or its subfund has not yet been created, or

b) this fund or its sub-fund was created but in relation to the offering of investments in this fund or sub-fund

1. an application for entry into the list pursuant to Section 309 was not submitted, a notification was not made pursuant to Section 312 subsection 1, nor did the manager of this fund receive a notification from the supervisory authority of another member state in which it has its registered office, comparable to the notification of the Czech National Bank pursuant to Section 313 subsection 3, if it is an offer to investors with a residence or registered office in the Czech Republic, or

2. a notification pursuant to Section 312, subsection 1, or a comparable notification pursuant to the law of another Member State, has not been made, if it is an offering to investors with residence or registered office in this other Member State.

(2) The preliminary offering of investments pursuant to subsection 1 is not considered if this activity is the offering of investments in an investment fund or in a foreign investment fund.

Section 297b

(1) Preliminary offering of investments can be carried out in the Czech Republic if the information communicated to potential investors

- a) are not sufficient to allow investors to commit to acquiring shares in a specific investment fund,
- b) do not present subscription forms or similar documents in draft or final form or
- c) do not represent the articles of association, partnership agreement, communication of key information, prospectus or similar documents in their final form, which are drawn up when an investment fund is established or when an investment fund that has not yet been established is offered.

(2) If a proposal for a prospectus or documents related to the offering of an investment fund is provided as part of the preliminary offering pursuant to subsection 1, such document must not contain information that, in its entirety, would enable investors to make an investment decision, and must clearly state that

- a) does not constitute an offer or an invitation to subscribe for shares in the investment fund a
- b) the information contained therein cannot be relied upon, as it is incomplete and may be subject to change.

(3) The manager authorized to exceed the decisive limit does not have to notify the Czech National Bank of the content or addressees of the preliminary offer, nor to fulfill any other conditions or requirements before the preliminary offer is carried out, apart from those listed in subsections 1, 2 and 4 to 8 and Section 297c.

(4) The manager shall ensure that investors do not acquire shares in the investment fund through preliminary bidding and that investors contacted in the framework of preliminary bidding can acquire shares in the given investment fund only within the framework of offering investments in accordance with this Act.

(5) The subscription of securities and book-entry securities to investors issued by the fund pursuant to subsection 1, which is stated in the information provided in connection with the preliminary offering or established on the basis of the preliminary offering within a period of 18 months after the manager started the preliminary offering, is considered the result offering and the provisions of this Act on the notification of the offering of investments in these funds shall be applied mutatis mutandis.

(6) A third party may preliminarily offer investments on behalf of the manager for the account of the investment fund, if

- a) has a license to operate as a stockbroker or a European stockbroker,
- b) has a permit to manage an investment fund or a foreign investment fund,
- c) does so as a bank or a foreign bank, or
- d) does so as a bound representative of a person under letter a), b) or c).

Section 297c apply mutatis mutandis to a third party preliminarily offering investments pursuant to subsection 6.

(8) The manager of the investment fund pursuant to subsection 1 keeps records of the progress of the preliminary offering.

Section 297c

(1) Within 2 weeks after starting the preliminary offering of investments in the Czech Republic or in a member state, the manager shall notify the Czech National Bank of this fact in writing.

(2) In the notification pursuant to subsection 1, the manager shall indicate

- a) data on which Member States the pre-offering of investments is or has been carried out and for how long,
- b) a brief description of the preliminary offering of investments, including information on the presented investment strategies or investment ideas a
- c) a list of investment funds and their sub-funds, which are or were the subject of a preliminary offer of investments.

(3) The Czech National Bank immediately informs the supervisory authorities of the Member States in which the manager carries out or has carried out a preliminary offering of investments about the notification pursuant to subsection 1.

(4) At the request of the supervisory authority of another Member State in which the manager carries out or has carried out the preliminary offering of investments, the Czech National Bank shall communicate additional information regarding the preliminary offering of investments in the territory of that other Member State.

Section 298

Relationship to European Union law

(1) Offering investments in a qualified venture capital fund referred to in Article 3 letter b) Regulation of the European Parliament and Council (EU) No. 345/2013, as amended, defines the directly applicable regulation of the European Union regulating European venture capital funds⁷⁾.

(2) Offering investments in a qualified social business fund referred to in Article 3 letter b) Regulation of the European Parliament and Council (EU) No. 346/2013, as amended, defines the directly applicable regulation of the European Union regulating European social business funds⁹⁾.

(3) The offering of investments in a European long-term investment fund is defined by the directly applicable regulation of the European Union governing European long-term investment funds¹⁸⁾.

Section 299

A special fund, a fund of qualified investors or a comparable foreign investment fund, whose home state is a member state, which is managed by a manager authorized to exceed the decisive limit established in a member state, is considered for the purposes of offering investments in this fund a foreign investment fund whose home state is not a member state if according to its statute or a comparable document

- a) invests at least 85% of the value of its assets in a foreign investment fund whose home state is not a member state,
- b) invests at least 85% of the value of his assets in an investment fund or a foreign investment fund that is not managed by a manager based in a Member State,

c) invests at least 85% of the value of its assets in several foreign investment funds referred to in letters a) or b) or investment funds referred to in letter b) that have the same mutual investment strategy, or

d) may have an exposure of up to 85% of its assets in relation to the foreign investment fund referred to in letters a) or b) or the investment fund referred to in letter b) or in relation to several such funds that have the same mutual investment strategy.

TITLE II

OFFERING INVESTMENTS IN AN INVESTMENT FUND OR IN A FOREIGN INVESTMENT FUND WHOSE HOME STATE IS A MEMBER STATE

Chapter 1

In the case of a manager whose home state is a member state

Subchapter 1

Public offering of investments in a standard fund or in a comparable foreign investment fund

Section 300

Public offering of investments in a standard fund in the Czech Republic

(1) Investments in a standard fund can be publicly offered in the Czech Republic if this fund is registered in the list kept by the Czech National Bank pursuant to Section 597 letter a) or b).

(2) It is prohibited to publicly offer investments in a standard fund in the Czech Republic, if it is not managed by a person with a permit granted by the Czech National Bank authorizing it to manage standard funds or by a supervisory authority of another member state authorizing it to manage foreign investment funds comparable to a standard fund.

Public offering of investments in a standard fund in another Member State

Section 301

(1) Investments in a standard fund can be publicly offered in another member state from the day when the manager of this fund receives a notification from the Czech National Bank pursuant to Section 303 subsection 3.

(2) If investments in a standard fund are publicly offered in another Member State, the communication of key information must be published in this Member State and provided under the same conditions as in the Czech Republic. Other changes to the communication of key information than translation or its additions are not allowed. The provision of Section 229, subsection 2, shall be applied mutatis mutandis.

Section 302

(1) If investments in a standard fund are to be publicly offered in another member state, the manager of this fund shall notify the Czech National Bank in advance. The notification according to the first sentence is sent to the Czech National Bank in English.

(2) Article 1 and Annex I of Commission Regulation (EU) No. 584/2010 define the requirements for notification under subsection 1. The notification according to subsection 1 also

contains the necessary data, including the address for delivery in the case of monetary payments imposed by the authority of another Member State in which the investments are to be publicly offered, and information on the method of performing the tasks according to Section 306.

(3) The manager of the standard fund in question shall attach a translation to the notification pursuant to subsection 1

- a) current communication of key information of this fund,
- b) the current status of this fund,
- c) current annual reports of this fund and
- d) or the current semi-annual report of this fund, if it was prepared after the preparation of the current annual report according to letter c).

(4) Communication according to subsection 3 letter a) must be accompanied by a translation into a language in which documents can be submitted to the supervisory authority of another Member State in which the investments are to be publicly offered.

(5) Documents according to subsection 3 letter b) to d) can, at the discretion of the manager of the standard fund in question, be attached with a translation to

- a) the language in which documents can be submitted to the supervisory authority of another Member State in which the investments are to be publicly offered, or
- b) the English language.

(6) At the discretion of the manager of the standard fund in question, the translation according to subsections 4 and 5 may be officially verified. The manager of the standard fund in question is responsible for the correctness and completeness of the translation according to subsections 4 and 5.

(7) In the event of a change in the information in the notification pursuant to subsection 1, the manager of the standard fund in question shall notify both the Czech National Bank and the supervisory authority of another member state in which the investments are to be publicly offered of this change in writing, no later than one month before the said change is implemented.

(8) If, as a result of the change pursuant to subsection 7, the standard fund concerned is no longer in accordance with legal regulations, the Czech National Bank shall notify this fund and the supervisory authority of another member state in which the investments of the concerned fund are to be publicly offered within 15 working days from receiving all documents according to subsection 7, that he may not make the said change.

(9) If the change pursuant to subsection 7 was made after the information pursuant to subsection 8 was submitted and, as a result of this change, the standard fund in question no longer complies with legal regulations, the Czech National Bank will take all appropriate measures, including an explicit ban on offering the standard fund in question, if necessary, and without undue delay will notify this fact, including the measures taken, to the supervisory authority of another member state in which the investments in this standard fund are to be publicly offered.

Section 303

(1) The Czech National Bank shall verify whether the notification and its annexes have the requirements prescribed in Section 302 and do not suffer from other defects.

(2) The Czech National Bank shall, within 10 working days from the day on which it received the notification and documents pursuant to Section 302, which meet the prescribed requirements and do not suffer from other defects, send to the supervisory authority of another member state in which the investments are to be held pursuant to Section 301, subsection 1 publicly offered,

a) this announcement and its annexes a

b) confirmation in English that the standard fund in question meets the requirements of the directive of the European Parliament and the Council regulating the coordination of regulations in the field of collective investment⁴); the details of this confirmation are defined in Article 2 and Annex II of Commission Regulation (EU) No. 584/2010.

(3) The Czech National Bank shall notify the manager of the standard fund in question without undue delay that it has sent the notification, its annexes and confirmation pursuant to subsection 2.

(4) Further, the procedure of the Czech National Bank according to subsection 2, articles 3 to 5 of Commission Regulation (EU) No. 584/2010 is defined.

Section 304

(1) If investments in a standard fund are publicly offered in another Member State, up-to- date information must be provided and published to investors in that other Member State

a) communication of key information of this fund, as well as its changes,

b) the statute of this fund, as well as its changes,

c) the annual report of this fund, as well as its changes,

d) half-yearly report of the standard fund, as well as its changes, and

e) data on the amounts for which unit certificates and investment shares issued by this fund are issued and redeemed.

(2) Documents according to subsection 1 letter a) to d), as well as their changes, and data according to subsection 1 letter e) are provided and published to investors in another Member State in which investments in a standard fund are publicly offered in the same way as comparable documents and data relating to a foreign investment fund comparable to a standard fund are provided to investors and published under the law of that other Member State.

(3) Communication according to subsection 1 letter a), as well as its amendments, are provided and published to investors in another Member State in which investments in the standard fund are publicly offered, with a translation into a language in which documents can be submitted to the supervisory authority of that other Member State.

(4) Documents according to subsection 1 letter b) to d), as well as their changes, and data according to subsection 1 letter e) are provided to investors and published with a translation into

a) the language in which documents can be submitted to the supervisory authority of this other member state, or

b) the English language.

(5) Frequency of publication of data according to subsection 1 letter e) is governed by Czech law.

Section 304a

(1) The effects of a notification pursuant to Section 302, subsection 1 shall cease upon delivery of a written notification by the manager of the standard fund of the Czech National Bank on the termination of the effects of a notification pursuant to Section 302, subsection 1 vis-à-vis another member state, which contains information on the fulfillment of the following conditions:

a) for a period of at least 30 working days, a unified offer for the purchase of all securities or book-entry securities issued by this standard fund has been published, addressed directly or indirectly to each owner of these securities or book-entry securities with headquarters or residence in the Member State concerned, without any deductions, surcharges or fees,

b) the intention to cancel the measures introduced for the purpose of the public offering of investments in this standard fund in the Member State concerned has been published at least electronically in a public media that is normally used for the public offering of investments in standard funds or foreign investment funds comparable to the standard fund in the Member State concerned state and which is suitable for a typical investor investing in such funds, and

c) all contractual obligations that enable the public offering of investments in this standard fund in a given Member State will be terminated or changed no later than the date of termination of the effects of the notification pursuant to Section 302, subsection 1, so that this public offering is no longer possible after that date.

(2) Information published pursuant to subsection 1 letter a) and b) must contain a precise description of the consequences for the owners of securities or book-entry securities issued by this standard fund if they do not accept the redemption offer and must be published in the official language of the Member State concerned or in the language in which documents can be submitted to the supervisory authority of the Member State concerned of the state.

(3) The Czech National Bank shall send this notification to the supervisory authority of the Member State concerned and to the European Supervisory Authority within 15 working days from the day on which it received the notification pursuant to subsection 1, which has the prescribed requirements and does not suffer from defects. The Czech National Bank shall notify the manager of the standard fund in question without undue delay that it has sent the notification pursuant to subsection 1.

(4) After the termination of the effects of the notification pursuant to Section 302, subsection 1, investments in the concerned standard fund may not be publicly offered in the concerned Member State.

(5) After the termination of the effects of the notification pursuant to Section 302 subsection 1, the owners of securities or book-entry securities issued by the concerned standard fund, who have their registered office or residence in the affected member state, must be provided with current documents pursuant to Section 304 subsection 1 letter a) to d) and data according to Section 304 subsection 1 letter e) through a means of distance communication in the official language of the Member State concerned or in the language in which documents can be submitted to the supervisory authority of the Member State concerned.

(6) Documents and data according to subsection 5 must also be sent to the Czech National Bank. The Czech National Bank will send these documents and data to the supervisory authority of the Member State concerned.

Public offering of investments in a foreign investment fund comparable to a standard fund in the Czech Republic

Section 305

(1) Investments in a foreign investment fund comparable to a standard fund can be publicly offered in the Czech Republic from the day the manager of this fund receives a notice from the supervisory authority of another member state that is the home state of this fund, comparable to a notice from the Czech National Bank pursuant to Section 303 subsection 3. The Czech National Bank shall enter the foreign investment fund in the list pursuant to Section 597 letter d) without undue delay after receiving from the supervisory authority of the home country of this fund documents comparable to the documents according to Section 303, subsection 2.

(2) It is prohibited to publicly offer investments in a foreign investment fund comparable to a standard fund in the Czech Republic, if it is not managed by a person with a permit granted by the Czech National Bank authorizing it to manage standard funds or by a supervisory authority of another member state authorizing it to manage comparable foreign investment funds with standard fund.

(3) It is prohibited to publicly offer investments in a foreign investment fund comparable to a standard fund in the Czech Republic from the day when the manager of this fund receives a notice from the supervisory authority of another member state that is the home state of this fund, comparable to a notice from the Czech National Bank pursuant to Section 304a subsection 3 of the third sentence.

Section 306

(1) If investments in a foreign investment fund comparable to a standard fund are publicly offered in the Czech Republic, a method must be ensured in the Czech Republic

a) execution of instructions regarding the issuance, subscription and redemption of securities or book-entry securities issued by this fund in the Czech Republic and execution of payments in accordance with the conditions contained in the documents pursuant to Section 307,

b) providing information to investors about the way in which the instructions and payments according to letter a) can be carried out, and about the distribution and payment of profit shares and other income from the assets of this fund in the Czech Republic,

c) establishing appropriate procedures and measures that will ensure the proper consideration of investor complaints and the removal of all restrictions for investors in exercising their rights,

d) making information and documents available to investors for inspection and obtaining copies, under similar conditions as under Section 307,

e) providing information to investors regarding the tasks performed by persons on a permanent information carrier, and

f) operation of the contact point for communication with the competent authorities.

(2) Activities according to subsection 1 can be provided electronically or in another way enabling remote access.

(3) Activities according to subsection 1 must be secured by a foreign investment fund comparable to a standard fund according to subsection 1 or a bank, a foreign bank with a branch in the Czech Republic, a securities dealer or a person according to Section 24 subsection 5 or Section 28 subsection 1 of the Act governing business on the capital market separately or jointly on the basis of a written agreement.

(4) The agreement according to subsection 3 of the article states,

a) which of the tasks according to subsection 1 is not performed by a foreign investment fund comparable

to a standard fund a

b) that a foreign investment fund comparable to a standard fund will hand over all relevant information and documents to the counterparty of the agreement.

(5) Activities according to subsection 1 must be secured

a) in the Czech language, or

b) in the language, the use of which for these purposes is determined by the Czech National Bank by decree.

Section 307

(1) If investments in a foreign investment fund comparable to a standard fund are publicly offered in the Czech Republic, investors with headquarters or residence in the Czech Republic in relation to this fund must be provided and published on the website of this fund up-to-date

a) a document comparable to the communication of key information of the standard fund, as well as its changes,

b) a document comparable to the statute of the standard fund, as well as its amendments,

c) a document comparable to the annual report of the standard fund, as well as its changes,

d) a document comparable to the semi-annual report of the standard fund, as well as its changes, and

e) data on the amounts for which securities are issued and redeemed and securities issued by this fund.

(2) Section 306, subsection 2, applies mutatis mutandis to the obligation set forth in subsection 1.

(3) Documents according to subsection 1 letter a) to d), as well as their changes, and information according to subsection 1 letter e) are provided and published to investors in the Czech Republic in the same way as comparable documents and data relating to a standard fund are provided and published to investors pursuant to this Act, on the basis of this Act or pursuant to a directly applicable regulation of the European Union regulating key information for investors that implements the directives of the European Parliament and the Council governing the coordination of regulations in the area of collective investment ¹¹⁾.

(4) Documents according to subsection 1 letter a), as well as its amendments, can be provided or published to investors in the Czech Republic with a translation to

a) Czech language, or

b) the language, the use of which for these purposes is determined by the Czech National Bank by decree.

(5) Documents according to subsection 1 letter b) to d), as well as their changes, and data according to subsection 1 letter e) can be provided to investors or published with a translation to

a) Czech language,

b) the language, the use of which for these purposes is determined by the Czech National Bank by decree, or

c) the English language.

(6) Frequency of publication of data according to subsection 1 letter e) is governed by the law of the home state of this fund.

Section 308

Public offering of investments in a foreign investment fund comparable to a standard fund managed by an investment company in another Member State

Investments in a foreign investment fund comparable to a standard fund can be publicly offered in another Member State from the day the investment company managing this fund receives notification from the supervisory authority of the home country of this fund that the supervisory authority of another Member State in which these investments are to be publicly offered, sent a notice, its annexes and a confirmation comparable to the notice, its annexes and a confirmation according to Section 303 subsection 2.

Subchapter 2

Offering investments in a special fund, in a fund of qualified investors or in a comparable foreign investment fund whose home state is a member state

Section 309

In the case of a manager based in the Czech Republic entitled to exceed the decisive limit, if it is an offer in the Czech Republic

Investments in a special fund, in a fund of qualified investors or in a comparable foreign investment fund, whose home state is a member state, which is managed by a manager based in the Czech Republic authorized to exceed the decisive limit, can be offered in the Czech Republic from the day this fund is registered in the list maintained by the Czech National Bank pursuant to Section 597. If it is a foreign investment fund, Section 312, subsection 2, shall be applied mutatis mutandis to the content of the application for entry into the list.

Section 310

In the case of a manager not authorized to exceed the decisive limit, if it is a public offering in the Czech Republic

(1) Investments in a fund of qualified investors or in a foreign investment fund comparable to a special fund or a fund of qualified investors, the home state of which is a member state, which is managed by a manager based in the Czech Republic and not authorized to exceed the decisive limit, may be publicly offered in the Czech Republic from the day when this fund is registered in the list maintained by the Czech National Bank pursuant to Section 597 letter a), b), c) or d).

(2) Investment in a foreign investment fund comparable to a special fund or a fund of qualified investors, whose home state is another member state, which is managed by a business manager that does not have permission from the supervisory authority of another member state authorizing it to exceed the decisive limit, with its seat in another member state, can be publicly offered in the Czech Republic from the day this fund is entered in the list maintained by the Czech National Bank pursuant to Section 597 letter d).

In the case of a manager based in the Czech Republic entitled to exceed the decisive limit if it is an offer in another member state

Section 311

Investments in a special fund, in a fund of qualified investors or in a comparable foreign investment fund, the home state of which is a member state, which is managed by a manager based in the Czech Republic authorized to exceed the decisive limit, can be offered in another member state to the persons listed in Section 2a subsection 1 or 2 of the Act Regulating Business on the Capital Market and to persons who, according to the Act Regulating Business on the Capital Market or according to the law of another Member State, are considered in relation to investments in the given fund as a customer who is a professional customer, from the day the manager of this fund receives notification of the Czech National Bank pursuant to Section 313, subsection 3.

Section 312

(1) If investments pursuant to Section 311 are to be offered in another member state, the manager of the investment fund or foreign investment fund in question shall notify the Czech National Bank in advance. The notification pursuant to the first sentence and the annex to this notification shall be sent to the Czech National Bank in English or with an English translation.

(2) The notification according to subsection 1 must contain, or must be attached to it,

- a) business activity plan in relation to this offering, which includes the data necessary to identify the relevant investment fund or foreign investment fund and the data necessary to identify the home country of this fund,
- b) the articles of association or a comparable document, or also the articles of association of the investment fund or foreign investment fund in question,
- c) data necessary to identify the depository of the investment fund or foreign investment fund in question,
- d) data on the investment fund or foreign investment fund in question, which are provided to investors, or a description of this data, if it is data referred to in Section 241 or Section 293, subsection 1,
- e) if it is an investment fund or a foreign investment fund that, according to its statute or a comparable document, invests at least 85% of the value of its assets in one investment fund or a foreign investment fund, or in several investment funds or foreign investment funds that have mutual the same investment strategy, or may have an exposure of up to 85% of the value of its assets to one investment fund or a foreign investment fund or to several investment funds or foreign investment funds that have the same investment strategy, information on the home country of the funds to which such invests, or to which it has this exposure,
- f) data necessary to identify the Member State in which investments are to be offered pursuant to Section 311,
- g) if the investments are to be offered only to persons listed in Section 2a subsection 1 or 2 of the Act regulating business on the capital market and to persons who, according to the Act regulating business on the capital market or according to the law of another Member State, are considered in relation to investments in the given of the fund for a customer who is a professional customer, information on measures to ensure compliance with this restriction, even if such investments are to be offered in that other Member State through another person, in accordance with the law of that other Member State state,
- h) the necessary data, including the address for delivery in the case of cash payments imposed by the supervisory authority of the host Member State and

i) data on the manner in which activities are provided according to Section 315a.

Section 313

(1) The Czech National Bank shall verify whether the notification and its annexes have the requirements prescribed in Section 312 and do not suffer from other defects.

(2) The Czech National Bank shall, within 20 working days from the day on which it received the notification and annexes pursuant to Section 312, which has the prescribed requirements and does not suffer from other defects, to the supervisory authority of another member state in which the investments are to be offered pursuant to Section 311,

a) this announcement and its annexes a

b) confirmation in English that the manager of the investment fund or foreign investment fund in question has a permit that authorizes him to exceed the determined limit and manage investment funds and foreign investment funds with a certain investment strategy.

(3) The Czech National Bank shall notify the manager of the relevant investment fund or foreign investment fund without undue delay that it has sent the notification, its annexes and confirmation pursuant to subsection 2.

Section 314

(1) If investments are offered in another Member State pursuant to Section 311, the notifier shall notify the Czech National Bank and the competent supervisory authority of the host state of any change in the facts notified pursuant to Section 312 no later than 1 month before the date of its implementation.

(2) If the notifier cannot meet the deadline according to subsection 1 due to an obstacle that occurred independently of his will, he shall notify the change without undue delay after this obstacle has passed.

(3) The Czech National Bank shall decide within 15 working days from the day on which it received the notification pursuant to subsection 1 that the manager may not make such a change and that the Czech National Bank refuses to notify the supervisory authority of the host Member State of the change pursuant to subsection 1, if the notifier does not comply or, with regard to the planned change, it cannot be expected that he will continue to fulfill the obligations imposed on the manager authorized to exceed the decisive limit by this law, on the basis of this law or by a directly applicable regulation of the European Union issued on the basis of the directive of the European Parliament and the Council regulating managers of alternative investment funds ⁶⁾.

(4) The Czech National Bank shall, without undue delay, inform the competent supervisory authority of the host state about each change notified pursuant to subsection 1, including that it is a case pursuant to subsection 3.

Section 314a

(1) The effects of a notification pursuant to Section 312, subsection 1 shall cease upon delivery of a written notification by the manager of the investment fund concerned or a foreign investment fund to the Czech National Bank about the termination of the effects of a notification pursuant to Section 312, subsection 1 towards another member state, which contains data on the fulfillment of the following conditions:

a) for a period of at least 30 working days, a unified offer for the purchase of all securities or book-entry securities issued by this investment fund or foreign investment fund has been published, addressed

directly or indirectly to each owner of these securities or book-entry securities with their headquarters or residence in the Member State concerned, without any deductions, surcharges or fees; this does not apply to an investment fund or a foreign investment fund that is a closed alternative investment fund according to Commission Delegated Regulation (EU) No. 694/2014 23) or a European long-term investment fund according to the directly applicable regulation of the European Union governing European long-term investment funds ¹⁸⁾.

b) the intention to cancel the measures introduced for the purpose of offering investments in this investment fund or a foreign investment fund in the Member State concerned has been published at least electronically in a public media that is normally used for offering investments in special funds, in funds of qualified investors or in comparable foreign investment funds comparable in the Member State concerned and which is suitable for a typical investor investing in such funds, and

c) all contractual obligations that enable the offering of investments in the investment fund in question or the foreign investment fund in the given Member State shall be terminated or changed no later than on the date of termination of the effects of the notification pursuant to Section 312, subsection 1, so that this offering is no longer after that date possible.

(2) Information published pursuant to subsection 1 letter a) and b) must contain a description of the consequences for the owners of securities or book-entry securities issued by this investment fund or foreign investment fund if they do not accept the redemption offer, and must be published in the official language of the Member State concerned or in the language in which documents can be submitted supervisory authority of the Member State concerned.

(3) The Czech National Bank shall send this notification to the supervisory authority of the Member State concerned and to the European Supervisory Authority within 15 working days from the day on which it received the notification pursuant to subsection 1, which has the prescribed requirements and does not suffer from defects. The Czech National Bank shall notify the manager of the investment fund or foreign investment fund in question without undue delay that it has sent the notification pursuant to subsection 1.

(4) After the termination of the effects of the notification pursuant to Section 312 subsection 1, investments in the concerned investment fund or foreign investment fund may not be offered in the concerned member state and may not be provisionally offered for a period of 36 months.

(5) After the termination of the effects of the notification pursuant to Section 312 subsection 1, the owners of securities or book-entry securities issued by the concerned investment fund or foreign investment fund, who have their registered office or residence in the affected member state, must be provided with current documents pursuant to Section 304 subsection 1 letter a) to d) and data according to Section 304 subsection 1 letter e) through a means of distance communication in the official language of the Member State concerned or in the language in which documents can be submitted to the supervisory authority of the Member State concerned.

(6) Documents and data according to subsection 5 must also be sent to the Czech National Bank. The Czech National Bank will send these documents and data to the supervisory authority of the Member State concerned.

Section 315

In the case of a manager based in another member state entitled to exceed the decisive limit, if it is an offer in the Czech Republic

(1) Investments in a special fund, in a fund of qualified investors or in a comparable foreign investment fund, the home state of which is a member state, which is managed by a manager based in another member state authorized to exceed the decisive limit, may be offered in the Czech Republic to

the persons listed in Section 2a subsection 1 or 2 of the Act Regulating Business on the Capital Market and to persons who, according to the Act Regulating Business on the Capital Market, are considered in relation to investments in the given fund as a customer who is a professional customer, from the day when the manager of this fund receives the notice from the supervisory authority of another member state in which it has its registered office, comparable to the notification of the Czech National Bank pursuant to Section 313 subsection 3. The Czech National Bank shall enter the foreign investment fund in the list pursuant to Section 597 letter d) without undue delay after receiving from the supervisory authority of another Member State documents comparable to the documents according to Section 313, subsection 2.

(2) Investments according to subsection 1 can be publicly offered in the Czech Republic from the day when this fund is registered in the list kept by the Czech National Bank in accordance with Section 597 letter a), b), c) or d).

Section 315a

(1) If investments are publicly offered in the Czech Republic to other than qualified investors in a foreign investment fund comparable to a special fund, a method must be ensured in the Czech Republic

a) execution of instructions regarding the issuance, subscription and redemption of securities or book-entry securities issued by this fund in the Czech Republic and execution of payments in accordance with the conditions contained in the documents pursuant to Section 307,

b) providing information to investors about the way in which the instructions and payments according to letter a) can be carried out, and about the distribution and payment of profit shares and other income from the assets of this fund in the Czech Republic,

c) establishing appropriate procedures and measures that will ensure the proper consideration of investor complaints and the removal of all restrictions for investors in exercising their rights,

d) making information and documents available to investors for inspection and obtaining copies, under conditions similar to those under Section 241,

e) providing information to investors regarding the tasks performed by persons on a permanent information carrier,

f) operation of the contact point for communication with the competent authorities.

(2) Activities according to subsection 1 can be provided electronically or in another way enabling remote access.

(3) Activities according to subsection 1 must be ensured by the manager of a foreign investment fund comparable to a special fund according to subsection 1 or a bank, a foreign bank with a branch in the Czech Republic, a securities dealer or a person according to Section 24 subsection 5 or according to Section 28 subsection 1 of the Act Regulating Business on the Capital Market separately or jointly on the basis of an agreement in written form.

(4) The agreement pursuant to subsection 3 stipulates,

a) which of the tasks according to subsection 1 is not performed by the manager of a foreign investment fund comparable to a special fund and

b) that the manager of a foreign investment fund comparable to a special fund transfers all relevant information and documents to the counterparty of the agreement.

(5) Activities according to subsection 1 must be secured

a) in the Czech language, or

b) in the language, the use of which for these purposes is determined by the Czech National Bank by decree.

Part 2

In the case of an economic manager established in a state that is not a member state

Section 316

(1) Investments in a foreign investment fund comparable to a special fund or a fund of qualified investors, whose home state is another member state, which is managed by a manager that exceeds the decisive limit, with its seat in a state that is not a member state, can only be made in the Czech Republic from the day when this fund is registered in the list kept by the Czech National Bank in accordance with subsection 2.

(2) The Czech National Bank shall enter the foreign investment fund referred to in subsection 1 in the list pursuant to Section 597 letter d) at the request of its manager within 20 working days, if

a) the supervisory authority of another state, which granted the manager of this fund authorization to manage this fund, and the Czech National Bank, in accordance with Articles 113 to 115 of Commission Delegated Regulation (EU) No. 231/2013, agreed on the exchange of information necessary to the performance of supervision pursuant to this Act,

b) the supervisory authority of another country, which granted the manager of this fund authorization to manage this fund, and the supervisory authority of the home country of this fund, in accordance with Articles 113 to 115 of Commission Delegated Regulation (EU) No. 231/2013, have agreed to the exchange of information necessary for the exercise of supervision according to the law of the home country of this fund, which implements the Directive of the European Parliament and the Council regulating managers of alternative investment funds ⁵⁾; and

c) the state in which the manager of this fund is based is not included in the list of non-cooperative countries and territories drawn up by the Financial Action Committee against Money Laundering of the Organization for Economic Cooperation and Development.

(3) When offering investments in accordance with subsection 1, the manager of the foreign investment fund in question fulfills the obligations imposed on the manager authorized to exceed the decisive limit according to Sections 34 to 37, Sections 233 to 235 in relation to this fund, the Czech National Bank and investors with headquarters or residence in the Czech Republic, Section 241, 290, 291, 293, 463, 464 and 557 similarly.

(4) The obligations set out in subsection 3 must be fulfilled even after the investments according to subsection 1 have ceased to be offered in the Czech Republic, until the settlement of obligations towards persons in a comparable position with shareholders, shareholders, founders, partners or silent partners of the concerned of a foreign investment fund who have their registered office or residence in the Czech Republic, and in the case of a device comparable to a trust fund, also those who increased the assets of this device as the foreign investment fund in question of the contract and have their registered office or residence in the Czech Republic.

(5) It is prohibited to offer investments in the Czech Republic in accordance with subsection 1 after the date determined by the delegated act adopted by the European Commission on the basis of

Article 68, subsection 6 of the Directive of the European Parliament and of the Council regulating managers of alternative investment funds ⁵⁾ as the day on which must end the national regimes set out in Articles 36 and 42 of this Directive and the passport regime set out in Articles 35 and 37 to 41 of this Directive shall become the only compulsory regime valid in all Member States.

(6) The application according to subsection 2 can be submitted electronically; the application must contain data and documents proving the fulfillment of the conditions established by this law. The Czech National Bank shall determine by decree the requirements of the application certifying the fulfillment of the conditions set forth in this Act, its form and method of submission.

Section 317

(1) Investments in a special fund, in a fund of qualified investors or in a comparable foreign investment fund, the home state of which is another member state, which is managed by a foreign person with a permit pursuant to Section 481, may be offered in the Czech Republic from the day when this fund is entered in the list maintained by the Czech National Bank pursuant to Section 597.

(2) For offering investments in another member state in a special fund, in a fund of qualified investors or in a comparable foreign investment fund, whose home state is another member state, which is managed by a foreign person with a permit according to Section 481, to the persons listed in Section 2a subsection 1 or 2 of the law regulating business on the capital market and to persons who, according to the law regulating business on the capital market or according to the law of another member state, are considered in relation to investments in the given fund as a customer who is a professional customer, Section 311 to 314 shall apply Similarly.

(3) For offering investments in the Czech Republic in a special fund, in a fund of qualified investors or in a comparable foreign investment fund, the home state of which is another member state, which is managed by a person based in a state that is not a member state, which has a permit granted by the supervisory authority of another member state comparable to the permit according to Section 481, Section 315 shall be applied mutatis mutandis.

(4) Investment in a foreign investment fund comparable to a special fund or to a fund of qualified investors, whose home state is another member state, which is managed by a manager with its registered office in a state that is not a member state, which does not have a permit under Section 481 or a comparable permit granted by the supervisory authority of another member state, can be publicly offered in the Czech Republic from the day this fund is entered in the list kept by the Czech National Bank pursuant to Section 597 letter d).

TITLE III

OFFERING INVESTMENTS IN A FOREIGN INVESTMENT FUND WHOSE HOME STATE IS NOT A MEMBER STATE

Chapter 1

In the case of a manager that has its registered office in a Member State

Section 318

In the case of an investment company entitled to exceed the decisive limit, if it is an offering only in the Czech Republic

(1) Investments in a foreign investment fund, whose home state is not a member state that manages an investment company authorized to exceed the decisive limit, can only be offered in the Czech Republic from the day when this fund is entered in the list kept by the Czech National Bank

pursuant to Section 597 letter d) .

(2) The Czech National Bank shall enter the foreign investment fund referred to in subsection 1 in the list pursuant to Section 597 letter d) at the request of its manager within 20 working days, if

a) the supervisory authority of the home state of this fund and the Czech National Bank, in accordance with Articles 113 to 115 of Commission Delegated Regulation (EU) No. 231/2013, have agreed on the exchange of information necessary for the performance of supervision pursuant to this Act and

b) the home country of this fund is not included in the list of non-cooperative countries and territories drawn up by the Financial Action Committee against Money Laundering of the Organization for Economic Co-operation and Development.

(3) When offering investments in accordance with subsection 1, the manager of the foreign investment fund in question fulfills, in relation to this fund, the obligations imposed on the manager authorized to exceed the decisive limit according to this Act, on the basis of this Act or according to a directly applicable regulation of the European Union implementing a directive of the European Parliament and the Council regulating managers of alternative investment funds ⁶⁾, with the exception of Section 60 to 84; however, the manager of the foreign investment fund in question shall ensure that the activities of the depository pursuant to Sections 71 to 73 in relation to this fund are carried out by other persons. The manager of the foreign investment fund in question shall notify the Czech National Bank of the data necessary to identify the persons who perform the activities of the depository of this fund pursuant to Sections 71 to 73, as well as their changes.

(4) Section 316, subsection 4 shall apply mutatis mutandis to the obligations set out in subsection 3.

(5) It is prohibited to offer investments in the Czech Republic in accordance with subsection 1 after the date determined by the delegated act adopted by the European Commission on the basis of Article 68, subsection 6 of the Directive of the European Parliament and of the Council regulating managers of alternative investment funds ⁵⁾ as the day on which the national regimes set out in Articles 36 and 42 of this Directive must be terminated and the passport regime set out in Articles 35 and 37 to 41 of this Directive will become the only mandatory regime valid in all Member States.

(6) The application according to subsection 2 can only be submitted electronically; the application must contain data and documents proving the fulfillment of the conditions established by this law. The Czech National Bank shall determine by decree the requirements of the application certifying the fulfillment of the conditions set forth in this Act, its form and method of submission. The Czech National Bank further determines by decree, to the extent necessary for effective supervision of the capital market, the scope, structure, form and method of reporting data and providing documents to the Czech National Bank pursuant to subsection 3, as well as the deadlines for their reporting and provision.

Section 319

In the case of a manager based in another member state entitled to exceed the applicable limit, if it is an offer only in the Czech Republic

(1) Investments in a foreign investment fund, the home state of which is not a member state, which is managed by a manager authorized to exceed the decisive limit with its registered office in another member state, can only be offered in the Czech Republic from the day when this fund is entered in the list kept by the Czech National Bank according to Section 597 letter d) .

(2) The Czech National Bank shall enter the foreign investment fund referred to in subsection 1 in the list pursuant to Section 59 7 letter d) at the request of its manager within 20 working days, if

a) the supervisory authority of the home country of this fund and the supervisory authority of another member state in which the manager of this fund is based have, in accordance with Articles 113 to 115 of Commission Delegated Regulation (EU) No. 231/2013, agreed on the exchange of necessary information to perform supervision according to the law of this other member state, which implements the Directive of the European Parliament and of the Council regulating managers of alternative investment funds⁵⁾, and

b) the condition according to Section 318 subsection 2 letter b) is similarly fulfilled.

(3) When offering investments in accordance with subsection 1, the manager of the foreign investment fund in question fulfills, in relation to this fund, the obligations imposed on the manager authorized to exceed the decisive limit according to the directly applicable regulation of the European Union, which implements the Directive of the European Parliament and the Council regulating managers of alternative investment funds⁶⁾, and according to the law of the country in which it has its registered office, on the basis of the European Parliament and Council Directive regulating alternative investment fund managers⁵⁾, with the exception of Article 21 of this Directive; however, the manager of the foreign investment fund in question shall ensure that the activities of the depository in accordance with Article 21 subsections 7, 8 and 9 of the Directive of the European Parliament and the Council regulating managers of alternative investment funds⁵⁾ in relation to this fund are carried out by other persons. The manager of the foreign investment fund in question shall send to the supervisory authority of another member state in which it has its registered office, the data necessary to identify the persons who perform the activities of the depository of this fund in accordance with Article 21 subsections 7, 8 and 9 of the Directive of the European Parliament and of the Council regulating managers of alternative investment funds⁵⁾, as well as their changes.

(4) Section 316, subsection 4 shall apply mutatis mutandis to the obligations set out in subsection 3.

(5) It is prohibited to offer investments in the Czech Republic in accordance with subsection 1 after the date determined by the delegated act adopted by the European Commission on the basis of Article 68, subsection 6 of the Directive of the European Parliament and of the Council regulating managers of alternative investment funds⁵⁾ as the day on which must end the national regimes set out in Articles 36 and 42 of this Directive and the passport regime set out in Articles 35 and 37 to 41 of this Directive shall become the only compulsory regime valid in all Member States.

(6) The application according to subsection 2 can only be submitted electronically; the application must contain data and documents proving the fulfillment of the conditions established by this law. The Czech National Bank shall determine by decree the requirements of the application certifying the fulfillment of the conditions set forth in this Act, its form and method of submission.

Section 320

In the case of an investment company entitled to exceed the decisive limit, if it is an offering in the Czech Republic

(1) Investments in a foreign investment fund whose home state is not a member state managed by an investment company authorized to exceed the decisive limit may be offered in the Czech Republic from the day this fund is entered in the list kept by the Czech National Bank pursuant to Section 597 letter d) .

(2) The Czech National Bank shall enter the foreign investment fund referred to in subsection 1 in the list pursuant to Section 597 letter d) at the request of its manager within 20 working days, if

a) the conditions according to Section 318 subsection 2 letters a) and b) are similarly met,

b) the home state of this fund has concluded an agreement with the Czech Republic that corresponds to the principles set out in Article 26 of the Model Tax Treaty of the Organization for Economic Cooperation and Development on income and property and which ensures the exchange of information in tax matters, and

c) the day from which these investments are to be offered is preceded by the day determined by the European Union regulation issued on the basis of Article 67, subsection 6 of the Directive of the European Parliament and of the Council regulating managers of alternative investment funds ⁵⁾ as the date of entry into force of Articles 35 and 37 to 41 of this directive.

(3) The application according to subsection 2 can only be submitted electronically; the application must contain data and documents proving the fulfillment of the conditions established by this law. The Czech National Bank shall determine by decree the requirements of the application certifying the fulfillment of the conditions set forth in this Act, its form and method of submission.

Section 321

In the case of an investment company entitled to exceed the decisive limit, if it is an offering in another Member State

(1) For offering investments in another member state in a foreign investment fund, whose home state is not the member state that manages the investment company authorized to exceed the decisive limit, to persons listed in Section 2a subsection 1 or 2 of the Act regulating business on the capital market and to persons, which, according to the law governing business on the capital market or according to the law of another member state, are considered in relation to investments in the given fund as a customer who is a professional customer, Section 311 to 314 shall apply mutatis mutandis.

(2) Investments according to subsection 1 can be offered in another member state only if

a) the conditions according to Section 318 subsection 2 letter are similarly met. a) and b) and Section 320 subsection 2 letter b) and) a

b) the home state of this fund has concluded an agreement with another member state in which these investments are to be offered, which corresponds to the principles set out in Article 26 of the Model Tax Treaty of the Organization for Economic Co-operation and Development on income and property and which provides for the exchange of information in tax matters.

Section 322

In the case of a manager based in another member state entitled to exceed the decisive limit, if it is an offer in the Czech Republic

(1) For the offering of investments in the Czech Republic in a foreign investment fund whose home state is not a member state, which is operated by a manager authorized to exceed the decisive limit with its registered office in another member state, to the persons specified in Section 2a subsection 1 or 2 of the Act regulating business on the capital market and to persons who, according to the law regulating business on the capital market, are considered in relation to investments in the given fund as a customer who is a professional customer, Section 315 subsection 1 shall be applied mutatis mutandis.

(2) Investments according to subsection 1 can only be offered in the Czech Republic if

a) the conditions according to Section 318 subsection 2 letter b), Section 319 subsection 2 letter a) and Section 320 subsection 2 letters b) and c) are similarly met and

b) the home state of this fund has concluded an agreement with another member state in which the manager of this fund is based, which corresponds to the principles set out in Article 26 of the Model Tax Treaty of the Organization for Economic Co-operation and Development on income and property and which ensures the exchange of information in tax matters.

(3) Investments according to subsection 1 can be publicly offered in the Czech Republic from the day when this fund is registered in the list maintained by the Czech National Bank pursuant to Section 597 letter d).

(4) The Czech National Bank shall enter the foreign investment fund referred to in subsection 1 in the list pursuant to Section 597 letter d) at the request of its administrator within 20 working days, if the conditions according to Section 318 subsection 2 letter b), Section 319 subsection 2 letter a), Section 320 subsection 2 letter b) and c) and subsection 2 letter b).

(5) The application according to subsection 4 can only be submitted electronically; the application must contain data and documents proving the fulfillment of the conditions established by this law. The Czech National Bank shall determine by decree the requirements of the application certifying the fulfillment of the conditions established by this Act, its form and method of submission.

Section 323

In the case of a manager with its registered office in a member state not authorized to exceed the decisive limit, if it is a public offering in the Czech Republic

Investments in a foreign investment fund, whose home state is not a member state, and which is managed by an investor based in a member state that is not authorized to exceed the decisive limit, can be publicly offered in the Czech Republic from the day when this fund is entered in the list maintained by the Czech National Bank pursuant to Section 597 letter d).

Chapter 2

In the case of a manager who is not established in a Member State

Section 324

Offer only in the Czech Republic

(1) Investments in a foreign investment fund, whose home state is not a member state, which is managed by a manager exceeding the decisive limit with its registered office in a state that is not a member state, can only be offered in the Czech Republic from the day when this fund is entered in the list kept by the Czech National Bank pursuant to Section 597 letter d) .

(2) The Czech National Bank shall enter the foreign investment fund referred to in subsection 1 in the list pursuant to Section 597 letter d) at the request of its manager within 20 working days, if

a) the conditions according to Section 318 subsection 2 letter a) or b) are similarly met,

b) the supervisory authority of another country, which granted the manager of this fund a permit authorizing it to manage this fund, and the Czech National Bank, in accordance with Articles 113 to 115 of Commission Delegated Regulation (EU) No. 231/2013, agreed on the exchange of necessary information to perform supervision pursuant to this Act and

c) the state in which the manager of this fund is based is not included in the list of non-cooperative countries and territories drawn up by the Financial Action Committee against Money Laundering of the Organization for Economic Cooperation and Development.

(3) Section 316 subsections 3 to 5 shall apply *mutatis mutandis* to the offering of investments pursuant to subsection 1.

(4) The application according to subsection 2 can only be submitted electronically; the application must contain data and documents proving the fulfillment of the conditions established by this law. The Czech National Bank shall determine by decree the requirements of the application certifying the fulfillment of the conditions set forth in this Act, its form and method of submission.

Section 325

Offer in the Czech Republic

(1) Investments in a foreign investment fund whose home state is not a member state, which is managed by a foreign person with a permit pursuant to Section 481, may be offered in the Czech Republic from the day when this fund is entered in the list maintained by the Czech National Bank pursuant to Section 597 letter d) .

(2) The Czech National Bank shall enter the foreign investment fund referred to in subsection 1 in the list pursuant to Section 597 letter d) at the request of its manager within 20 working days, if the conditions according to Section 318 subsection 2 letter a) and b) and Section 320 subsection 2 letter b) and c) are similarly met.

(3) Investments in a foreign investment fund whose home state is not a member state, which is managed by a person based in a state that is not a member state, that has a permit granted by the supervisory authority of another member state comparable to the permit according to Section 481, may be offered in the Czech Republic to persons listed in Section 2a subsection 1 or 2 of the Act regulating business on the capital market and to persons who, according to the Act regulating business on the capital market or according to the law of another member state, are considered in relation to investments in the given fund as a customer who is a professional customer, from the date on which the manager of this fund receives a notification from the supervisory authority of another member state, which has granted it a permit comparable to a permit pursuant to Section 481, comparable to a notice from the Czech National Bank pursuant to Section 313, subsection 3. The provisions of Section 315, subsection 1, second sentence, shall be applied *mutatis mutandis*. Investments according to the first sentence can only be offered in the Czech Republic if the conditions according to Section 318 subsection 2 letter of b) and Section 320 subsection 2 letter b) and c) aa) the supervisory authority of the home country of this fund and the supervisory authority of another member state, which granted the manager of this fund a permit comparable to the permit according to Section 481, in accordance with Articles 113 to 115 of Commission Delegated Regulation (EU) No. 231/2013, agreed on the exchange of information necessary for the exercise of supervision according to the law of this other member state, which implements the directive of the European Parliament and the Council regulating managers of alternative investment funds⁵⁾, and b) the home state of this fund concluded with another member state whose supervisory authority granted the administrator of this fund an authorization comparable to the authorization under Section 481, an agreement that corresponds to the principles set out in Article 26 of the Organization for Economic Co-operation and Development Model Tax Treaty on Income and Assets and which provides for the exchange of information in tax matters.

(4) Investments according to subsection 3 can be publicly offered in the Czech Republic from the day when this fund is registered in the list kept by the Czech National Bank in accordance with Section 597 letter d) .

(5) The Czech National Bank shall enter the foreign investment fund referred to in subsection 3 in the list pursuant to Section 597 letter d) at the request of its manager within 20 working days, if the conditions according to Section 318 subsection 2 letter b), Section 320 subsection 2 letter b) and c) and subsection 3 letter a) and b).

(6) The application according to subsections 2 and 5 can only be submitted electronically; the application must contain data and documents proving the fulfillment of the conditions established by this law. The Czech National Bank shall determine by decree the requirements of the application certifying the fulfillment of the conditions set forth in this Act, its form and method of submission.

Section 325a

In the case of a manager based in a state that is not a member state, not authorized to exceed the decisive limit or not exceeding the decisive limit, if it is a public offering in the Czech Republic

Investments in a foreign investment fund whose home state is not a member state, which is managed by a manager with its registered office in a state that is not a member state, which does not have a permit according to Section 481 or a comparable permit granted by the supervisory authority of another member state and which does not exceed the applicable limit, can be to publicly offer in the Czech Republic pursuant to Section 296 and Section 297 subsection 2.

Section 326

Offering in another Member State

For offering investments in another Member State in a foreign investment fund, whose home state is not a Member State, which is managed by a foreign person with a permit pursuant to Section 481, to persons listed in Section 2a subsection 1 or 2 of the Act Regulating Business on the Capital Market and to persons who are considered according to the law of this other Member State in relation to investments in the given fund as a customer who is a professional customer, Section 311 to 314 shall apply mutatis mutandis; these investments can only be offered in another member state if the conditions according to Section 318 subsection 2 letters a) and b), Section 320 subsection 2 letters b) and c) and Section 321 subsection 2 letter b).

Chapter 3

Depository of a foreign investment fund whose home state is not a member state

Section 327

(1) The depository of a foreign investment fund, whose domicile is not a member state and in which investments are offered in the Czech Republic, can only

a) a foreign person,

1. which has its seat or branch in the home country of this fund,
2. which complies with the rules of prudence according to the law of the state in which it has its registered office,
3. which is subject to supervision in the state in which it has its seat,
4. if the conditions according to Section 318 subsection 2 letter b) and Section 320 subsection 2 letter b),
5. if the supervisory authority of the state in which it is headquartered and the Czech National Bank have agreed on the exchange of information necessary for the performance of supervision pursuant to this Act and
6. which, in a contract comparable to a depository contract, undertakes to carry out the control activities of the depository at least as follows from Section 73, and to be responsible for damage at least as follows from Sections 80 to 82, or

b) a person who has a registered office or a branch in the Member State in which the manager of this fund has its registered office, or which is the reference country of the manager of this fund, and who

may be a depositary under the law of this Member State.

(2) For the depositary of the foreign investment fund referred to in subsection 1 letter b), whose manager has a registered office or a branch in the Czech Republic, or for whose manager the Czech Republic is the reference state, the provisions of this Act, which refer to the depositary of a special fund or the depositary of a fund of qualified investors, shall apply *mutatis mutandis*.

(3) In addition, the fulfillment of the conditions according to subsection 1 letter a) points 2 and 3 are defined by Article 84 of Commission Delegated Regulation (EU) No. 231/2013.

PART TEN

CROSS-BORDER BUSINESS

TITLE I

INVESTMENT COMPANY OR FOREIGN PERSON PERMITTED BY THE CZECH NATIONAL BANK NOT COMPARED TO A SELF-MANAGED INVESTMENT FUND MANAGING A FOREIGN INVESTMENT FUND

Chapter 1

Through a branch

Section 328

Notice of investment company

(1) If an investment company authorized to manage standard funds and comparable foreign investment funds or authorized to exceed the applicable limit or a foreign person with a permit pursuant to Section 481, who is not comparable to a self-managed investment fund, intends to manage a foreign investment fund in the host state through a branch, or if, as an authorized manager, he intends to exceed the decisive limit to carry out any of the activities according to Section 11 subsection 1 letter c) to f) or according to Section 11 subsection 6 letter a), will notify the Czech National Bank in advance.

(2) The notification pursuant to subsection 1 contains

- a) the host state in which the branch is to be located,
- b) a business activity plan containing, in particular, the types and scope of services that the notifier intends to provide, for example, whether the notifier intends to carry out the administration of a foreign investment fund,
- c) if the notifier intends to manage a foreign investment fund comparable to a standard fund in the host state,
 - 1. description of the risk management system in relation to this branch,
 - 2. rules for handling complaints and claims of investors of such a fund,
 - 3. rules for ensuring the provision of information to investors a
 - 4. a description of the measures taken to ensure the exercise of the rights of investors of such a fund in the host state,
- d) if the notifier intends to manage a foreign fund comparable to a special fund or a fund of qualified investors in the host state, the data necessary to identify this fund,
- e) organizational structure of the branch,

- f) branch address to which information and documents may be requested, and
- g) data necessary to identify the head of the branch and his contact details.

Section 329

Procedure of the Czech National Bank

(1) If the Czech National Bank has no objections to the location of the notifying party's branch in the host state, it shall, within 2 months from the date on which it received the notification pursuant to Section 328, subsection 1, communicate the information specified in Section 328, subsection 2, to the supervisory authority of the host state.

(2) The Czech National Bank also informs the supervisory authority of the host state about the conditions for providing compensation from the Securities Dealers' Guarantee Fund.

(3) The Czech National Bank further informs the competent authority of the host state about the scope of the notifier's permit and any restrictions which the notifier is obliged to observe when managing or administering the administration of a foreign investment fund.

(4) The Czech National Bank shall inform the notifier without undue delay of the transfer of data pursuant to subsections 1 to 3 to the supervisory authority of the host state.

(5) If an investment company authorized to manage standard funds intends to manage a foreign investment fund comparable to a standard fund and the Czech National Bank does not consider the location of a branch of this notifier in the host state to be appropriate due to the organizational structure or financial situation of the notifier with regard to the business plan according to Section 328 subsection 2 letter b), the Czech National Bank shall decide within 2 months from the day on which it received the notification pursuant to Section 328, subsection 1, that it refuses to disclose the data referred to in Section 328, subsection 2, to the supervisory authority of the host state.

(6) If an investment company authorized to exceed the decisive limit or a foreign person with a permit pursuant to Section 481, who is not comparable to a self-managed investment fund, intends to manage a foreign investment fund that is comparable to a special fund or a fund of qualified investors, or to carry out any from activities pursuant to Section 11 subsection 1 letter m. c) to f) or pursuant to Section 11 subsection 6 letter a), and this notifier does not fulfill or with regard to the business activity plan according to Section 328 subsection 2 letter b) it cannot be expected that he will continue to fulfill the obligations imposed on the manager authorized to exceed the decisive limit by this Act, on the basis of this Act or by a directly applicable regulation of the European Union issued on the basis of the Directive of the European Parliament and the Council regulating managers of alternative investment funds ⁶⁾, the Czech National Bank shall decide by 15 working days from the day on which it received the notification pursuant to Section 328, subsection 1, that the manager may not make such a change and that the Czech National Bank refuses to communicate the information referred to in Section 328, subsection 2, to the supervisory authority of the host state.

Section 330

Creation of authorization

(1) An investment company authorized to manage standard funds and comparable cross-border investment funds may, through a branch, start to manage a foreign investment fund comparable to a standard fund and, where appropriate, perform other activities specified in the notification pursuant to Section 328 subsection 2 letter b) in the host state from the day when the supervisory authority of the host state informs it of the information obligations it must fulfill, or after the expiry of 2 months from

the day when the Czech National Bank informed it pursuant to Section 329, subsection 4, of the transfer of data to the supervisory authority of the host state.

(2) An investment company authorized to exceed the decisive limit and a foreign person with a permit pursuant to Section 481, which is not comparable to a self-managed investment fund, may, through a branch, start managing a foreign investment fund comparable to a special fund or a fund of qualified investors, or perform any of the activities under Section 11 subsection 1 letter c) to f) or according to Section 11 subsection 6 letter a), and possibly perform other activities listed in the notification pursuant to Section 328 subsection 2 letter b).

Section 331

Notification of changes

(1) The notifier shall notify the Czech National Bank and the competent supervisory authority of the host state of any change in the facts notified pursuant to Section 328 subsection 2 no later than 1 month before the date of its implementation.

(2) If the notifier cannot meet the deadline according to subsection 1 due to an obstacle that occurred independently of his will, he shall notify the change without undue delay after this obstacle has passed.

(3) If it concerns the management of a foreign investment fund comparable to a standard fund, the Czech National Bank shall decide within 15 working days from the day on which it received the notification pursuant to subsection 1 that the manager may not make such a change and that the Czech National Bank refuses to notify the supervisory authority of the host state of the change pursuant to subsection 1, if the notifier does not comply or with regard to the planned change, it cannot be expected that it will continue to fulfill the obligations imposed on the manager authorized to manage standard funds or foreign investment funds comparable to a standard fund by this Act, on the basis of this Act or by a directly applicable regulation of the European Union issued on the basis of a directive of the European Parliament and the Council regulating coordination in the field of collective investment ⁴⁾.

(4) In the case of the management of a foreign investment fund that is comparable to a special fund or a fund of qualified investors, the Czech National Bank shall decide within 15 working days from the day on which it received the notification pursuant to subsection 1 that the manager may not make such a change and that the Czech National Bank refuses to notify the supervisory authority of the host state the change according to subsection 1, if the notifier does not comply or, with regard to the planned change, it cannot be expected that he will continue to fulfill the obligations imposed on the manager authorized to exceed the decisive limit by this Act, on the basis of this Act or by a directly applicable regulation of the European Union issued on the basis of a directive of the European Parliament and the Council regulating managers of alternative investment funds ⁶⁾.

(5) The Czech National Bank shall, without undue delay, also inform the competent supervisory authority of the host state of any change notified pursuant to subsection 1.

Chapter 2

No branch location

Section 332

Notification

(1) If an investment company authorized to manage standard funds and comparable foreign investment funds or authorized to exceed the applicable limit or a foreign person with a permit pursuant

to Section 481, which is not comparable to a self-managed investment fund, intends to manage a foreign investment fund in the host state without locating a branch, will notify the Czech National Bank in advance.

(2) The notification pursuant to subsection 1 contains an indication of the host state in which the notifier intends to manage a foreign investment fund without the location of a branch, and the information specified in Section 328 subsection 2 letter b) to d).

Section 333

Procedure of the Czech National Bank

(1) The Czech National Bank shall, within 1 month from the date on which it received the notification pursuant to Section 332 subsection 1, communicate the data pursuant to Section 332 subsection 2 to the supervisory authority of the host state.

(2) The Czech National Bank also informs the supervisory authority of the host state about the conditions for providing compensation from the Securities Dealers' Guarantee Fund.

(3) The Czech National Bank further informs the competent authority of the host state about the extent of the notifier's permit and any restrictions which the notifier is obliged to observe when managing or administering the foreign investment fund.

(4) The Czech National Bank informs the notifier without undue delay about the transfer of data pursuant to subsections 1 to 3 to the supervisory authority of the host state.

Section 334

Creation of authorization

(1) An investment company authorized to manage standard funds and comparable foreign investment funds may start carrying out the activities specified in the notification pursuant to Section 328 subsection 2 letter b) in the host state from the date on which the Czech National Bank informed it pursuant to Section 333, subsection 4, of the transfer of data to the supervisory authority of the host state, or after the time limit specified in Section 333, subsection 1 has expired in vain.

(2) An investment company authorized to exceed the decisive limit and a foreign person with a permit according to Section 481, which is not comparable to a self-managed investment fund, may start managing a foreign investment fund comparable to a special fund or a fund of qualified investors, or carry out any of the activities according to Section 11 subsection 1 letter c) to f) or according to Section 11 subsection 6 letter a), and possibly perform other activities listed in the notification pursuant to Section 328 subsection 2 letter b).

Section 335

Notification of changes

(1) The notifier shall notify the Czech National Bank and the supervisory authority of the host state of any change in the facts notified pursuant to Section 332 subsection 2 no later than 1 month before the date of its implementation.

(2) If the notifier cannot meet the deadline according to subsection 1 due to an obstacle that occurred independently of his will, he shall notify the change without undue delay after this obstacle has passed.

(3) The Czech National Bank shall, without undue delay, also inform the supervisory authority of the host state of any changes notified pursuant to subsection 1.

Section 336

Provision of information by the Czech National Bank to the supervisory authority of the host state

The Czech National Bank will provide the data necessary for the supervision of the reporting party, if requested, to the supervisory authority of the host state, in particular

- a) data on each head of the reporting person or data on the head of the reporting branch located in the host state,
- b) data on each person who has a share in the share capital or voting rights of the notifier, and
- c) details of tied agents through which the notifier intends to carry out activities in that host state.

TITLE II

MANAGEMENT OF A FOREIGN INVESTMENT FUND WHOSE HOME STATE IS NOT A MEMBER STATE

Section 337

An investment company authorized to exceed the decisive limit may manage a foreign investment fund whose home state is not a member state, if investments in this fund are not offered in a member state, if

- a) when managing this foreign investment fund, fulfills the obligations imposed on the manager authorized to exceed the determined limit by this Act, on the basis of this Act or by a directly applicable regulation of the European Union issued on the basis of the Directive of the European Parliament and the Council regulating managers of alternative investment funds ⁶⁾, with the exception of the obligations set out in Sections 60 to 91, Sections 233 to 236 and Sections 290 to 292, and
- b) the supervisory authority of the home state of this foreign investment fund and the Czech National Bank, in accordance with Articles 113 to 115 of Commission Delegated Regulation (EU) No. 231/2013, have agreed on the exchange of information necessary for the performance of supervision pursuant to this Act.

TITLE III

FOREIGN PERSON MANAGING THE STANDARD FUND

Section 338

(1) The Czech National Bank shall notify a foreign person referred to in Section 14, subsection 1, who intends to manage a standard fund through a branch located in the Czech Republic, within 2 months from the day on which it received data comparable to the data according to Section 328, subsection 2, which the obligations established by this law, on the basis of this law and the law regulating business on the capital market, this foreign person is obliged to comply with when providing these services.

(2) A foreign person referred to in subsection 1 may start managing a standard fund through a branch located in the Czech Republic from the day the Czech National Bank informs it of the obligations

established by this Act, on the basis of this Act and the Act Regulating Business on the Capital Market. is this foreign person obliged to comply with the provision of these services, or after the time limit specified in subsection 1 has expired in vain.

Section 339

A foreign person referred to in Section 14 subsection 1 may start managing a standard fund without a branch located in the Czech Republic

a) from the date on which it receives information from the supervisory authority of another member state that granted this foreign person an activity permit that this supervisory authority has forwarded to the Czech National Bank data relating to the management of the standard fund by this foreign person, or

b) after the expiry of 1 month from the date on which the data relating to the management of the standard fund by this foreign person reach the supervisory authority of another member state that has granted this foreign person a permit to operate.

Section 340

Obligations of a foreign person in the management of a standard fund

(1) A foreign person referred to in Section 14, subsection 1, who manages a standard fund,

a) publishes and provides in the Czech Republic documents and information that it publishes and provides in accordance with the legal regulations adopted on the basis of the directive of the European Parliament and the Council governing the coordination of regulations in the field of collective investment ⁴⁾ in the member state in which it has its registered office,

b) notifies the Czech National Bank at least 1 month in advance of any change in the data contained in the notification comparable to the notification pursuant to Section 328 (2) and

c) observes the rules of conduct in the management of the standard fund established by this Act and on the basis of this Act.

(2) If the foreign person mentioned in subsection 1 cannot meet the deadline mentioned in subsection 1 letter b) comply with an obstacle arising independently of its will, shall notify the Czech National Bank of the change without undue delay after this obstacle has passed.

When managing a standard fund in the Czech Republic, the foreign person referred to in Section 14, subsection 1, uses the same designation as it uses in the state in which it has its registered office. In case of insufficient differentiation of its designation from another, the Czech National Bank may impose on it the obligation to add a distinguishing element.

(4) From the day when the supervisory authority of another member state revoked the foreign person referred to in Section 14, subsection 1, the permit authorizing him to manage foreign investment funds comparable to a standard fund, this person is not authorized to manage a standard fund; this person, until the settlement of obligations towards the owners of securities or book-entry securities issued by this fund, who have their seat or residence in the Czech Republic, is regarded as a foreign person mentioned in Section 14, subsection 1, who manages a standard fund, and this person fulfills the obligations set out in subsections 1 to 3.

Section 341

cancelled

TITLE IV

FOREIGN PERSON MANAGING A SPECIAL FUND OR A FUND OF QUALIFIED INVESTORS

Section 342

A foreign person referred to in Section 14 subsection 2 may start managing a special fund or a fund of qualified investors through a branch located in the Czech Republic from the day on which he receives information from the supervisory authority of another member state that granted this foreign person a permit authorizing him to exceed the determined limit, that this supervisory authority forwarded to the Czech National Bank data relating to the management of a special fund or a fund of qualified investors by this foreign person.

Section 343

A foreign person referred to in Section 14, subsection 2, may start managing a special fund or a fund of qualified investors without a branch located in the Czech Republic from the day on which he receives information from the supervisory authority of another member state that granted this foreign person an activity permit that this supervisory authority forwarded to the Czech National Bank data relating to the management of a special fund or a fund of qualified investors by this foreign person.

Section 344

Obligations of a foreign person in the provision of management services of a special fund or a fund of qualified investors

(1) A foreign person referred to in Section 14, subsection 2, who manages a special fund or a fund of qualified investors, or performs any of the activities pursuant to Section 11, subsection 1 letter c) to f) or according to Section 11 subsection 6 letter a),

a) publishes and makes available in the Czech Republic documents and information that it publishes and makes available in accordance with the legal regulations adopted on the basis of the Directive of the European Parliament and the Council governing the administrator of alternative investment funds ⁵⁾ in the Member State in which it is headquartered or whose supervisory authority has granted it a comparable permit with a permit according to Section 481, if it does not have its registered office in a member state,

b) notifies the Czech National Bank at least 1 month in advance of any change in the data contained in the notification comparable to the notification pursuant to Section 328 subsection 2 and

c) complies with the rules of conduct and requirements for the proper and prudent performance of activities in the scope of activities performed through a branch located in the Czech Republic.

(2) If a foreign person referred to in Section 14, subsection 2, who provides services in the Czech Republic, cannot, within the period referred to in subsection 1 letter b) comply with an obstacle that arose independently of its will, will announce the change without undue delay after this obstacle has passed.

When managing a special fund or a fund of qualified investors, a foreign person referred to in Section 14, subsection 2, or when performing any of the activities pursuant to Section 11, subsection 1 letter c) to f) or according to Section 11 subsection 6 letter a), in the Czech Republic the same designation as it uses in the state in which it has its registered office. In case of insufficient differentiation of its designation from another, the Czech National Bank may impose on it the obligation to add a distinguishing element.

(4) From the day when the supervisory authority of another member state revoked the foreign person referred to in Section 14 subsection 2 of the permit authorizing him to exceed the determined limit, this person is not authorized to manage a special fund or a fund of qualified investors; to this person until the settlement of obligations towards persons in a position comparable to shareholders, trustees, founders, partners or silent partners of the foreign investment fund in question, who have their registered office or residence in the Czech Republic, and in the case of an arrangement comparable to a trust fund, also those who have increased the assets of this facility as the relevant foreign investment fund of the contract and have their seat or residence in the Czech Republic, they are regarded as a foreign person referred to in Section 14, subsection 2, who manages a special fund or a fund of qualified investors, and this person fulfills the obligations set out in subsections 1 up to 3.

PART ELEVEN

CANCELLATION, CONVERSIONS AND OTHER PROPERTY DISPOSITIONS

TITLE I

CANCELLATION AND CONVERSION OF THE INVESTMENT COMPANY AND OTHER PROPERTY DISPOSITIONS RELATING TO THE INVESTMENT COMPANY

Chapter 1

Dissolution of the investment company with liquidation

Subchapter 1

Procedure in some cases of liquidation of an investment company

Section 345

Court decision

If the court decides to dissolve the investment company with liquidation, it appoints its liquidator at the proposal of the Czech National Bank.

Section 346

Decision of the body of the investment company

(1) If the competent authority of an investment company decides on its cancellation with liquidation, it shall also decide on the submission of an application for the appointment of its liquidator.

(2) An investment company shall submit an application for the appointment of a liquidator without undue delay after its competent authority decides on its cancellation with liquidation.

Section 347

Elapse of time

An investment company that was established for a fixed period shall submit a request for the appointment of its liquidator no later than 2 months before the expiry of this period. The competent authority of the investment company will decide on the application.

Subchapter 2

Liquidator

Section 348

Professional care

The liquidator of an investment company is obliged to perform his function with professional care.

Section 349

Prerequisites for performing the function

(1) The liquidator of an investment company can only be one who is entered in the list of persons who can be appointed liquidator of an investment company, a collective investment fund with legal personality and the main administrator, maintained by the Czech National Bank.

(2) The liquidator of an investment company cannot be a person who

- a) whose interests are in conflict with the interests of partners, shareholders or trustees of an investment fund or a foreign investment fund that the investment company manages, or with the interests of other customers of the investment company,
- b) who is personally or financially connected to the investment company, or
- c) who participated in the audit of the investment company in the last 3 years.

Section 350

Appointment and dismissal

(1) The liquidator of an investment company is appointed and dismissed by the Czech National Bank, unless the investment company has been dissolved by a court decision.

(2) When appointing a liquidator of an investment company upon request, the Czech National Bank is not bound by the person of the liquidator specified in the request.

(3) Dismissal against the decision of the Czech National Bank on the appointment or dismissal of the liquidator of the investment company does not have a suspensive effect.

Czech National Bank submits a proposal to register the liquidator of an investment company in the commercial register and a proposal to delete this liquidator from the commercial register.

Section 515 shall not apply to the liquidator of an investment company.

Section 351

Termination of function

(1) The liquidator of an investment company appointed by the Czech National Bank may resign by notifying the Czech National Bank in writing. The function of the liquidator ceases on the date specified in the notification, but no earlier than 30 days from the date on which the notification reaches the Czech National Bank.

(2) The Czech National Bank shall dismiss the liquidator of the investment company that it appointed, if the liquidator

- a) does not meet the prerequisites for performing the function of liquidator specified in Section 349,
- b) seriously or repeatedly violates his obligation, or
- c) does not perform its function.

(3) If the liquidator of an investment company appointed by the Czech National Bank resigns from his position, if he is dismissed or if his position otherwise ceases, the Czech National Bank shall appoint a new liquidator without undue delay.

Section 352

Reimbursement of out-of-pocket expenses and remuneration

(1) Reimbursement of out-of-pocket expenses and remuneration of the liquidator of the investment company appointed by the Czech National Bank shall be paid from the assets of the investment company. If the Czech National Bank has appointed a liquidator, the latter is also the one who summoned him.

(2) If the assets of the investment company are not sufficient to pay the reimbursement of the expenses and the remuneration of its liquidator, the state shall pay them.

(3) Even after the license to operate an investment company has been revoked, the determination of the reimbursement of out-of-pocket expenses and the remuneration of its liquidator shall be carried out in accordance with the rules for determining the reimbursement of out-of-pocket expenses of the liquidator and the remuneration of the liquidator of the investment company.

(4) The Czech National Bank shall establish by decree the rules for determining the amount from the liquidator's currency and the conditions for reimbursement of the liquidator's expenses and remuneration by the state.

Section 353

Duty to cooperate

Everyone is obliged to provide cooperation to the liquidator of the investment company appointed by the Czech National Bank to the extent that they are obliged to provide it to the insolvency administrator in accordance with the law governing bankruptcy and methods of its resolution.

Chapter 2

Transformation of an investment company

Section 354

Prohibited transformations

They are banned

- a) transfer of the assets of the investment company to its shareholders a
- b) change in the legal form of an investment company.

Section 355

Permission of the Czech National Bank

(1) The permission of the Czech National Bank is required for the merger or division of an investment company that manages a collective investment fund, or for the transfer of assets to a shareholder who is an investment company that manages a collective investment fund.

(2) The Czech National Bank will not permit the merger or division of an investment company or the transfer of assets to a shareholder who is an investment company that manages a collective investment fund, if the interests of shareholders and unitholders of collective investment funds managed by the investment company are not protected.

Section 356

Proceedings on applications for authorization of a merger, division or transfer of assets

(1) An application for permission to merge or split an investment company that manages a collective investment fund, or for permission to transfer assets to a partner who is an investment company that manages a collective investment fund, is submitted by the investment company participating in the merger, division or transfer of assets.

(2) The parties to the proceedings regarding the request for permission to merge or split an investment company that manages a collective investment fund, or for permission to transfer assets to a partner who is an investment company that manages a collective investment fund, are investment companies that merge, split or participates in the transfer of assets.

Chapter 3

Transfer, lease and termination of the business plant of the investment company or its part

Section 357

(1) The transfer, lease or closure of the business plant of an investment company or its parts, which would mean a substantial change in the existing structure of the plant or a substantial change in the activities of the investment company, is prohibited.

(2) For the purposes of subsection e 1 and Section 374, a business plant does not include assets and debts from investment activities.

TITLE II

**TERMINATION AND CONVERSION OF THE PRINCIPAL ADMINISTRATOR AND OTHER
PROPERTY DISPOSITIONS RELATING TO THE PRINCIPAL ADMINISTRATOR**

Section 358

Similar application of the investment company provisions

The provisions of this Act on the cancellation and conversion of an investment company and other property dispositions relating to an investment company shall apply mutatis mutandis to the cancellation and conversion of the main administrator and to other property dispositions relating to the main administrator, unless otherwise provided by this Act. If these provisions refer to the management of investment funds or foreign investment funds, this means providing administration to these funds.

Section 359

Change in the legal form of the main administrator

(1) The permission of the Czech National Bank is required to change the legal form of the main administrator who administers the collective investment fund.

(2) The Czech National Bank will not allow a change in the legal form of the main administrator if the interests of the shareholders and unitholders of the collective investment funds it administers are not protected.

Section 360

Proceedings on the request to change the legal form of the main administrator

(1) The request for permission to change the legal form of the main administrator is submitted by the main administrator.

(2) The main administrator whose legal form is being changed is a participant in the proceedings for a request to change the legal form of the main administrator.

TITLE III

CANCELLATION AND CONVERSION OF INVESTMENT FUND WITH LEGAL PERSONALITY AND OTHER PROPERTY DISPOSITION RELATING TO THIS FUND

Chapter 1

Cancellation of an investment fund with legal personality with liquidation

Section 361

title omitted

(1) For the liquidation of an investment fund with legal personality, the provisions of this Act on the liquidation of an investment company shall apply mutatis mutandis, unless this Act provides otherwise.

(2) The investment fund referred to in Section 9, subsection 1 is canceled with liquidation and its liquidator is appointed by the Czech National Bank, if its manager was canceled with liquidation, or his authorization to manage this fund has expired, and the Czech National Bank has not decided within 3 months from, when the competent authority of the manager decided on its cancellation with liquidation, or from the day when the authority to manage this fund expired, on the transfer of the management of this fund to another manager according to Section 541.

(3) The investment fund referred to in Section 9 subsection 1 shall be canceled with liquidation and its liquidator shall be appointed by the Czech National Bank, if it does not have a manager authorized to manage this investment fund for more than 3 months.

Section 362

Substitute fulfillment of the share of the liquidation balance

If the conditions for substitute performance according to the Civil Code are met, a share of the

liquidation balance of an investment fund with legal personality is placed in judicial custody. The share of the liquidation balance will not be deposited in judicial custody and will go to the state, if the court fee for the motion to initiate custody proceedings exceeds the amount to be deposited in judicial custody.

Section 362a

Special provisions for the bankruptcy of a joint-stock company with variable share capital

(1) If a decision has been issued on the bankruptcy of a joint-stock company with variable share capital, the insolvency administrator or a person who, under the law of a foreign state, performs tasks comparable to the tasks of an insolvency administrator, shall ensure the transfer of all assets and debts from investment activities, in the case of a joint-stock company with variable capital that did not create a sub-fund, or the transfer of all sub-funds, in the case of a joint-stock company with variable capital that created a sub-fund, to another joint-stock company with variable capital (hereinafter referred to as "transfer of assets") having the same manager or the same administrator, is- if possible with regard to the proper and prudent performance of these activities. The general meeting of a joint-stock company with variable share capital that is in bankruptcy must also give its consent to the transfer of assets, while in the case of a vote on the transfer of assets, only shareholders owning investment shares related to the transferred assets have the right to vote. The right to convene a general meeting of a joint-stock company with variable share capital that is in bankruptcy for the purpose of voting on the transfer of assets also has the right to an insolvency administrator or a person who, according to the law of a foreign state, performs tasks comparable to those of an insolvency administrator.

(2) If it is not possible to proceed in accordance with subsection 1, especially if the general meeting does not give its consent, the insolvency administrator or a person who, according to the law of a foreign state, performs tasks comparable to the tasks of an insolvency administrator, will ensure the transfer of assets to another joint-stock company with variable share capital, which will agree to the transfer of assets if it is possible with regard to the proper and prudent performance of these activities. Subsection 1 of the second and last sentences shall be applied analogously.

(3) In the event that he will not be able to proceed according to subsections 1 and 2, especially if the general meeting does not give his consent, the insolvency administrator or the person who, according to the law of a foreign state, performs tasks comparable to the tasks of an insolvency administrator, will ensure the liquidation of assets and debts from investment activities or sub-fund or sub-funds.

(4) The transfer of property pursuant to subsection 1 or 2 takes place with the effect of a contract on the transfer of property, which requires a written form and contains

a) identification data relating to the joint-stock company with variable share capital whose assets are transferred (hereinafter referred to as the "transferring company") and the joint-stock company with variable share capital to which it is transferred (hereinafter referred to as the "receiving company")

b) identification data relating to the property being transferred,

c) in case assets from investment activities that are not a sub-fund are transferred, information that this asset will become a sub-fund of the receiving company and identification data of the future sub-fund,

d) in the event that a sub-fund is transferred, identification data of the sub-fund after its transfer,

e) the exchange ratio of shares, which must be determined as equal so that the share of the shareholder concerned by the exchange remains preserved in the transferred assets, and thus the rights in relation to the share of profit and the liquidation balance are not affected,

f) detailed rules for the exchange of shares after the transfer of assets a

g) a description of the change in the rights of shareholders after the transfer of assets, if their rights change.

(5) The transferred property becomes a sub-fund of the acquiring company on the effective date of the property transfer agreement.

(6) The provisions of the Act governing the transformation of business corporations shall not apply to the procedure according to subsections 1, 2, 4 and 5.

Section 362b

Civil Code on the conversion of a book-entry security into a security shall be used for the procedure for the exchange of book-entry shares into registered shares; however, the asset takeover contract can shorten the deadline for handing over the deeded share, up to a deadline of 1 month.

Civil Code on the conversion of a security into a book-entry security shall be used for the procedure for the exchange of registered shares for book-entry shares; however, the receiving company may shorten the period for surrendering the deeded share, up to a period of 1 month. The receiving company shall request the central depository or foreign central depository to register the book-entry shares before entering the change in the data required to identify the sub-fund in the relevant list maintained by the Czech National Bank.

(3) The exchange of registered shares for registered shares shall be carried out by the acquiring company without undue delay after the effective date of the asset transfer agreement. The provisions of the law regulating the legal relations of commercial companies and cooperatives on the exchange of registered shares in the case of an increase in the share capital by increasing the nominal value of the shares shall be applied to the procedure for the exchange of registered shares for registered shares. The information that the Law on Business Corporations requires to be included in the decision of the general meeting is included in the asset transfer agreement. However, the length of the period for handing over the deeded share can be shortened by the asset takeover agreement, up to a period of 1 month.

(4) If book-entry shares are to be exchanged for book-entry shares, the receiving company shall, without any unnecessary document, issue an order to cancel the existing shares after the asset transfer agreement has entered into force and request the central depository or a foreign central depository to register the new book-entry shares before registering the change in the necessary data to identify the sub-fund in the relevant list maintained by the Czech National Bank.

Section 362c

(1) If it is not clear from the resolution of the general meeting of the transferring company how the articles of association are changed, their content shall be changed by the statutory body in accordance with the decision of the general meeting and the contract on the transfer of assets. If it is not clear from the resolution of the general meeting of the acquiring company how the articles of association are changed, their content will be changed by the statutory body in accordance with the decision of the general meeting and the contract on the transfer of assets.

(2) A public document shall be obtained on the change of the content of the articles of association by the statutory body pursuant to subsection 1.

Section 362d

(1) An insolvency administrator or a person who, according to the law of a foreign state, performs tasks comparable to the tasks of an insolvency administrator, is entitled to reimbursement of finished expenses and remuneration for the activities specified in Section 362a.

(2) If the assets of a joint-stock company with variable share capital are not sufficient to pay the reimbursement of finished expenses and remuneration of the insolvency administrator, or if he, who according to the law of a foreign state performs tasks comparable to the tasks of the insolvency administrator, the state will pay them.

(3) The Czech National Bank shall establish by decree the rules for determining the amount of remuneration and out-of-pocket expenses and the conditions for reimbursement of the remuneration and out-of-pocket expenses of an insolvency administrator or of a person who, under the law of a foreign state, performs tasks comparable to the tasks of an insolvency administrator, for fulfilling the obligations set out in Section 362a and their maximum amount covered by the state.

Section 362e

Dissolution of a sub-fund of an investment fund with legal personality

For the dissolution of a sub-fund of an investment fund with legal personality, the provisions of this Act on the dissolution of a mutual fund shall apply mutatis mutandis; if these provisions are invoked

- a) shareholder, it shall mean the owner of the investment shares relating to the sub-fund,
- b) unit certificates, it shall mean the investment shares relating to the sub-fund.

Chapter 2

Conversion of an investment fund with legal personality

Subchapter 1

Basic provision

Section 363

an investment fund with legal personality means the conversion in accordance with the Act governing the conversion of commercial companies and cooperatives and the conversion of an investment fund, which has the legal form of a joint-stock company, into a joint-stock company with variable share capital.

Section 364

Prohibited transformations

They are banned

- a) transfer of assets of an investment fund with legal personality to its partner a
- b) change in the legal form of a collective investment fund with legal personality.

Section 365

Permission of the Czech National Bank

(1) The permission of the Czech National Bank is required for the merger or division of a collective investment fund with legal personality or for the transfer of assets to a partner that is a collective investment fund with legal personality.

(2) The Czech National Bank shall not permit the merger or division of a collective investment fund with legal personality or the transfer of assets to a partner, which is a collective investment fund with legal personality, if the interests of the fund's shareholders are not protected.

(3) Subsections 1 and 2 shall not apply to the merger of a collective investment fund with legal personality that invests in real estate or participation in a real estate company and a real estate company.

Section 366

Proceedings on the application for authorization of a merger, division or transfer of assets

(1) An application for permission to merge or split a collective investment fund with legal personality or for permission to transfer assets to a partner, which is a collective investment fund with legal personality, is submitted by the administrator of this fund.

(2) The participants in the procedure for an application for permission to merge or split a collective investment fund with legal personality or for permission to transfer assets to a partner, which is a collective investment fund with legal personality, are collective investment funds with legal personality that merge, split or participants in the transfer of assets, and their managers, administrators and depositories.

Subchapter 2

Conversion of an investment fund, which has the legal form of a joint-stock company, into a joint-stock company with variable share capital m

Section 367

Admissibility of conversion

(1) An investment fund, which has the legal form of a joint-stock company, may be converted into a joint-stock company with a variable share capital.

(2) The transformation of an investment fund, which has the legal form of a joint-stock company, into a joint-stock company with variable share capital occurs when the converted investment fund changes its business name so that it is in accordance with the requirement under Section 154, subsection 1, changes its articles of association in such a way that they are in accordance with the requirements for the content of the articles of association of a joint-stock company with variable share capital set forth in Section 156, and changes the type of shares it has issued.

(3) The legal effects of the transformation according to subsection 1 occur on the date of registration of a business company meeting the requirements according to Section 154, subsection 1, in the commercial register.

Section 368

Change of share type

(1) In the decision of the general meeting of the converted investment fund to change the type of shares, the shares that will become founder shares after the conversion are determined, in the amount of the share in the share capital, which corresponds to the subscribed share capital of the future joint-stock company with variable share capital; other shares will become investment shares after conversion. If a joint-stock company with variable capital is to create sub-funds, it will be determined in the decision

to which sub-fund or sub-funds these investment shares will be issued.

(2) In addition to the conditions set by the law governing the legal relations of commercial companies and cooperatives, the general meeting's decision to change the type of shares also requires the consent of all shareholders whose shares will become founding shares after the conversion.

(3) Only shares whose issue price has been fully paid can be designated as shares that will become founding shares after the conversion.

Section 369

Permission of the Czech National Bank

(1) The permission of the Czech National Bank is required to convert a collective investment fund, which has the legal form of a joint-stock company, into a joint-stock company with variable share capital.

(2) The Czech National Bank will not permit the conversion if the interests of the shareholders of the collective investment fund being converted are not protected.

Section 370

Procedure for application for conversion permit

(1) The administrator of the collective investment fund to be converted submits the application for permission for conversion.

(2) The parties to the procedure for the request for a conversion permit are the converted collective investment fund and its manager, administrator and depository.

Subchapter 3

Similar application of certain mutual fund merger provisions

Section 371

Merger and amalgamation of an investment fund with a legal personality that is a standard fund

(1) For the merger and merger of an investment fund with legal personality, which is a standard fund, the provisions of this Act on the merger and merger of a standard fund, which has the legal form of a mutual fund, shall be applied *mutatis mutandis*. When these provisions refer to shareholders, this means owners of investment shares; if they refer to share certificates, this means investment shares.

(2) For the merger and amalgamation of an investment fund with legal personality, which is a standard fund, the provisions of this part and the law regulating the transformation of commercial companies and cooperatives shall apply only if the provisions of this law on the merger or merger of a standard fund, which has the legal form of a mutual fund, does not stipulate otherwise.

Section 372

Merger of a joint-stock company with a variable share capital of an open mutual fund

(1) It is admitted

a) merger of a special fund that has the legal form of a joint-stock company with variable capital and a

special fund that has the legal form of an open mutual fund, and

b) merger of a fund of qualified investors, which has the legal form of a joint-stock company with variable capital, and a fund of qualified investors, which has the legal form of an open mutual fund.

(2) For the merger referred to in subsection 1 letter a) the provisions of this Act on the merger of a special fund, which has the legal form of a mutual fund, shall apply *mutatis mutandis*. For the merger referred to in subsection 1 letter b) the provisions of this Act on the merger of a fund of qualified investors, which has the legal form of a mutual fund, shall be applied *mutatis mutandis*. If these provisions of shareholders are invoked, in the case of a joint-stock company with a variable share capital, this means the owners of investment shares; if they refer to share certificates, this means investment shares in the case of a joint-stock company with variable share capital.

(3) For the merger referred to in subsection 1, the provisions of this part apply only if the provisions of this Act on the merger of a special fund that has the legal form of a mutual fund, or the provisions of this Act on the merger of a fund of qualified investors that has the legal form of a mutual fund, does not stipulate otherwise.

Section 373

Transformation of the sub-fund of the investment fund us by legal entities

For the conversion of a sub-fund of an investment fund with legal personality, which is a standard fund, the provisions of this Act on the conversion of a mutual fund, which is a standard fund, shall be applied *mutatis mutandis*. If these provisions are invoked by shareholders, this means the owners of investment shares relating to the sub-fund; if they refer to unit certificates, this means investment shares relating to the sub-fund.

Chapter 3

Transfer, lease and termination of the business plant of an investment fund with legal personality or part of it

Section 374

The transfer, lease and termination of the business plant of an investment fund with legal personality or its parts, which would mean a substantial change in the existing structure of the plant or a substantial change in the activity of an investment fund with legal personality, is prohibited.

TITLE IV

CANCELLATION AND CONVERSION OF A MUTUAL FUND

Chapter 1

Cancellation of mutual fund with liquidation

Section 375

Reasons for canceling a mutual fund with liquidation

The mutual fund is canceled with liquidation, if

a) this was decided by his manager,

- b) its manager has been abolished with liquidation, if the Czech National Bank does not decide within 3 months from the day when the competent authority of the manager decided to cancel the manager with liquidation, to transfer the management of this fund to another manager,
- c) the authorization of the manager of the mutual fund to manage this fund has expired, if the Czech National Bank does not decide within 3 months from the date of termination of the authorization of the manager of the mutual fund to manage this fund on the transfer of the management of this fund to another manager,
- d) the Czech National Bank has decided on it or a court has decided on it, or
- e) the period for which it was created has expired, unless it is a closed mutual fund, which after the expiry of this period will be transformed into an open mutual fund or a joint stock company with variable capital.

Section 376

Liquidation of mutual fund

(1) The manager of the mutual fund shall monetize the assets in this fund and fulfill the debts in this fund within 6 months from the date of cancellation of this fund.

(2) The administrator of the mutual fund shall pay the shareholders their shares in the liquidation balance within 3 months from the date of monetization of the assets in this fund and the fulfillment of debts in this fund.

(3) Once the mutual fund manager has completed the activities referred to in subsection 1, he shall draw up a final report on the progress of the liquidation, indicating at least how the assets in the mutual fund have been disposed of. On the date of completion of that report, the mutual fund administrator shall draw up financial statements in accordance with the Act regulating accounting.

(4) The administrator shall, without undue delay after the payment of the shares in the liquidation balance to the shareholders, submit a request for deletion from the list of mutual funds to the Czech National Bank together with the final report on the course of liquidation and the financial statements drawn up pursuant to subsection 3.

(5) The administrator shall ensure that the documents referred to in subsection 3 are retained for 10 years after the termination of the investment fund. The obligation to preserve the documents shall also apply to the legal successor of the administrator who has ceased to exist, or to the insolvency administrator or liquidator if the administrator has ceased to exist without a legal successor.

(6) If, before the termination of the mutual fund, assets in the mutual fund are discovered which are still unknown or if the need for other necessary measures arises, the liquidation shall not be terminated and the manager shall proceed in respect of those assets in accordance with subsections 1 to 5 by analogy or shall take other necessary measures.

(7) If, after the dissolution of the mutual fund, the assets in the mutual fund are found to be still unknown, or if another interest worthy of legal protection is discovered, the Czech National Bank shall, on the proposal of the person who certifies the legal interest, decide on the cancellation of the dissolution of the mutual fund, decide on the continuation of the liquidation and appoint a liquidator, who shall proceed in accordance with subsections 1 to 6, *mutatis mutandis*. From the time of the cancellation of the dissolution of the mutual fund, the mutual fund shall be treated as if it had never been dissolved.

Section 377

Substitute fulfillment of the share of the liquidation balance

If the conditions for substitute performance according to the Civil Code are met, the share of the liquidation balance is placed in judicial custody. The share of the liquidation balance will not be deposited in judicial custody and will go to the state, if the court fee for the motion to initiate custody proceedings exceeds the amount to be deposited in judicial custody.

Section 378

Advance on a share of the liquidation balance

(1) As long as the rights of all known creditors of claims corresponding to debts in the mutual fund are not satisfied, it is not possible to pay out a share of the liquidation balance either in the form of an advance or to use it in any other way. If the claim is disputed or not yet due, the liquidation balance can only be used if sufficient security has been provided to the creditor.

(2) If a share of the liquidation balance was paid in the form of an advance, the manager is not obliged to monetize the assets in the mutual fund within the period specified in Section 376, subsection 1, and the administrator is not obliged to pay the shareholders their shares in the liquidation balance within the period specified in Section 376 subsection 2. This does not affect the obligation of the manager to fulfill the debts in the mutual fund within the period specified in Section 376 subsection 1.

Section 379

Special provisions for the bankruptcy of the manager

(1) If a decision has been issued on the bankruptcy of the manager of a mutual fund, the transfer of the management of the mutual fund or the fulfillment of the obligations under Section 376 shall be ensured by the insolvency administrator or the person who, according to the law of a foreign state, performs tasks comparable to the tasks of the insolvency administrator, while Section 377 and 378 are applied Similarly.

(2) An insolvency administrator or a person who, according to the law of a foreign state, performs tasks comparable to those of an insolvency administrator, shall be entitled to reimbursement of finished expenses and remuneration for the activities specified in subsection 1. The claim for their payment is a claim against the assets of the mutual fund manager.

(3) If the assets of the manager of the mutual fund are insufficient to pay the reimbursement of expenses and the remuneration of the insolvency administrator or of the person who, according to the law of a foreign state, performs tasks comparable to the tasks of the insolvency administrator, the state will pay them.

(4) The Czech National Bank, with its decree, rules for determining the amount of remuneration and out-of-pocket expenses and the conditions for reimbursement of remuneration and out-of-pocket expenses of an insolvency administrator or a person who, under the law of a foreign state, performs tasks comparable to the tasks of an insolvency administrator, for fulfilling the obligations set out in subsection 1 and their maximum amount covered by the state.

Section 380

Obligations of the feeder fund in case of liquidation of its master fund

(1) If the master fund is liquidated by liquidation or in a manner comparable to liquidation under the law of a foreign state, the manager of the feeder fund shall, through the administrator of this fund, request the prior consent of the Czech National Bank, stating that he intends to

a) invest assets in this fund as a feeder fund manager in securities or book-entry securities issued by another master fund, or

b) continue to invest assets in this fund as a manager of a standard fund that is not a feeder fund.

(2) If the manager of the feeder fund does not apply for the prior consent of the Czech National Bank in accordance with subsection 1 within 2 months from the day on which he received the notification that the master fund is being canceled (Section 435 subsection 2), or a comparable notification according to the law of a foreign state, this fund is canceled by the futile expiration of this liquidation period. If the Czech National Bank rejects the request for prior approval pursuant to subsection 1, the feeder fund shall be canceled with liquidation on the date of entry into force of this decision.

(3) Until the expiry of the period specified in subsection 2 or until the prior consent according to subsection 1 has been granted, the manager of the feeder fund may invest assets in this fund only for the purpose of preserving his assets.

Chapter 2

Mutual fund conversion

Subchapter 1

Basic provision

Section 381

(1) For the purposes of this Act, the conversion of a mutual fund is understood

a) merger of mutual funds,

b) merger of mutual funds,

c) conversion of a mutual fund into a joint-stock company,

d) conversion of a fund of qualified investors into a special fund,

e) conversion of a closed mutual fund into an open mutual fund,

f) conversion of a special fund into a standard fund, or

g) the transfer of the assets of a limited liability company or a joint stock company (hereinafter referred to as a "capital company") to a mutual fund.

(2) Conversions of a mutual fund other than those listed in subsection 1 are not permissible.

Subchapter 2

Merger of mutual funds

Section 382

Permissible methods of fusion

(1) Merger is allowed

- a) special funds that have the legal form of mutual funds into one new special fund that has the legal form of a mutual fund,
- b) a special fund, which has the legal form of a mutual fund, and a standard fund, which has the legal form of a mutual fund, into one new standard fund, which has the legal form of a mutual fund,
- c) standard funds that have the legal form of mutual funds, into one new standard fund that has the legal form of a mutual fund, or into one new foreign investment fund comparable to a standard fund,
- d) a standard fund that has the legal form of a mutual fund and a foreign investment fund comparable to a standard fund into one new standard fund that has the legal form of a mutual fund or into one new foreign investment fund comparable to a standard fund and
- e) funds of qualified investors, which have the legal form of mutual funds, into one new fund of qualified investors, which has the legal form of a mutual fund.

(2) Mutual funds, or even a foreign investment fund comparable to a standard fund, in which the gas company participates, are canceled without liquidation, and the assets in them become assets in the mutual fund, or also in a foreign investment fund comparable to the standard fund, which has to form by fusion.

(3) The manager of mutual funds, or of foreign investment funds comparable to the standard fund, which are to be canceled by the merger, decides on the merger. If more than one person decides to merge, their agreement is required.

Section 383

Fusion project

- (1) The merger is carried out according to the approved merger project.
- (2) The merger project will be drawn up by the administrators of mutual funds, or of foreign investment funds comparable to the standard fund, which are to be canceled by the merger.
- (3) The merger project must be approved in the same wording by all those who drafted it.

Section 384

Essentials of a fusion project

- (1) The merger project contains, with respect to the merger method, at least
 - a) determination of which method of merger referred to in Section 382 subsection 1 is involved,
 - b) designation of the mutual fund, or possibly also the foreign investment fund comparable to the standard fund, which is to be canceled by the merger, and the designation of the mutual fund, or the foreign investment fund comparable to the standard fund, which is to be created by the merger,
 - c) reasons for the merger,
 - d) the probable effects of the merger on the interests of the owners of securities or book-entry securities issued by a mutual fund, or even a foreign investment fund comparable to a standard fund, which is to be canceled by the merger,

- e) criteria for the valuation of assets and debts in a mutual fund, possibly also in a foreign investment fund comparable to a standard fund, which is to be abolished by merger,
- f) procedure for calculating the exchange share (Section 395),
- g) decisive date of merger,
- h) rules for taking over assets in a mutual fund, or in a foreign investment fund comparable to a standard fund, which is to be abolished by merger, and the exchange of securities or book-entry securities issued by this fund for securities or book-entry securities issued by a mutual fund, or and a foreign investment fund comparable to a standard fund, which is to be created by the merger, and
- i) a proposal for the statute of a mutual fund or a foreign investment fund comparable to a standard fund that is to be created through a merger.

(2) The merger project requires a written form.

Section 385

Permission of the Czech National Bank

(1) In the case of a merger, which takes place in any of the ways listed in Section 382 subsection 1 letter a) to d), the permission of the Czech National Bank is required.

(2) The Czech National Bank will not permit a merger

- a) open mutual fund and closed mutual fund,
- b) mutual funds or foreign investment funds comparable to a standard fund with a significantly different way of investing,
- c) mutual funds or foreign investment funds comparable to a standard fund, if the protection of the interests of the owners of securities or book-entry securities issued by these funds is not ensured,
- d) mutual funds or foreign investment funds comparable to a standard fund, about which the owners of securities or book-entry securities issued by these funds have not been provided with sufficient information, and
- e) of mutual funds or foreign investment funds comparable to a standard fund, if it is a merger in which a merger notice is processed, and a standard fund or a foreign investment fund comparable to a standard fund, which is to be created by the merger, will not be entitled to publicly offer its issued securities or book-entry securities in the same Member States in which each of the standard funds to be canceled by the merger was authorized to offer them to the public.

(3) On the day the decision of the Czech National Bank or any competent supervisory authority of the home country of a foreign investment fund comparable to a standard fund, which does not permit a merger, becomes final, the merger project is cancelled. The legal effects of the cancellation of the merger project will expire on the day when such decision has been legally canceled by a court decision.

Section 386

Proceedings of the application for the authorization of the merger

(1) Application for authorization of the merger taking place

- a) in the manner specified in Section 382 subsection 1 letter a), submitted by the person who will provide administration to the mutual fund that is to be created by the merger, or
- b) by any of the methods listed in Section 382 subsection 1 letter b) to d), submitted by the administrator of the standard fund, which is to be canceled by the merger.

(2) An application for permission for a merger, which takes place in the manner specified in Section 382, subsection 1 letter c) or d) of the Penal Code, and its annexes must also be in the official language of the home country of the foreign investment fund comparable to the standard fund that is to be abolished by the merger, and in the official language of the home country of the foreign investment fund comparable to the standard fund that is to be created by the merger, or in the language in which documents can be submitted to the supervisory authorities of these countries.

(3) The participants in the procedure for the application for permission to merge are the managers, administrators and depositories of mutual funds, as well as foreign investment funds comparable to the standard fund, which are to be canceled by the merger.

Section 387

Deadline for issuing a decision

(1) The Czech National Bank shall issue a decision on an application for a merger permit no later than 20 working days from the date of submission of an application that meets the prescribed requirements and does not suffer from other defects.

(2) If an application for a merger permit, during which a merger notification is processed, does not have the prescribed requirements or suffers from other defects, the Czech National Bank shall invite the applicant no later than 10 working days from the date of submission of the application or from the date of its completion, to remove these defects within a reasonable period of time.

Section 388

Notice of Merger

(1) The administrator of a standard fund, which is to be canceled by merger, shall process, publish and provide the unitholders or shareholders of this fund with a notification about the merger, if it is to be canceled by merger

- a) a standard fund and the creation of a standard fund, or a foreign investment fund comparable to a standard fund, or
- b) a standard fund whose units are publicly offered in another Member State.

(2) The administrators of the standard funds to be abolished by the merger may prepare a joint communication on the merger. They will always process a joint notification about the merger if only standard funds are to be canceled and only a standard fund is to be created.

(3) The administrator of the standard fund, which is to be canceled by the merger, shall publish the notice of the merger only after the date of acquisition of legal force of the decision of the Czech National Bank or the supervisory authority of the home state of the foreign investment fund comparable to the standard fund, by which the merger is permitted to the last applicant for a merger permit.

Section 389

Matters of the Merger Notice

(1) The notification on the merger contains information on the merger so that the owners of securities or book-entry securities issued by mutual funds, or even foreign investment funds comparable to standard funds that are to be canceled by the merger, can assess the effects of the merger on their interests; the merger notice contains at least

a) reasons for the merger,

b) the effects of the merger on the interests of the owners of securities or book-entry securities issued by mutual funds, or even foreign standard funds, which are to be canceled by the merger,

c) decisive date of merger a

d) information on whether the owners of securities or book-entry securities issued by mutual funds, or even foreign standard funds, which are to be canceled by the merger, have a right to redemption or a right to replacement pursuant to Section 390 subsection 1, and an explanation of the nature of this right including the deadline for its application.

(2) The notification of the merger shall also be prepared and published in the official language of other Member States in which investments in the standard fund are offered, or in a foreign investment fund comparable to the standard fund that is to be canceled by the merger, or in the language of in which documents can be submitted to the supervisory authorities of these countries.

(3) The Czech National Bank shall determine by decree the requirements for the content of the merger notification within the scope of subsection 1.

Section 390

Consequences of Publication of the Merger Notice

(1) With the publication of a merger notification, the owner of a security or book-entry security issued by a mutual fund, or a foreign investment fund comparable to a standard fund, which is canceled by the merger,

a) the right to redeem this security or a book-entry security without deduction; however, an amount corresponding to purposefully incurred costs associated with the redemption of a security or a book-entry security can be deducted, or

b) the right to replace a security or a book-entry security with a security or book-entry security issued by another standard fund or another foreign investment fund comparable to a standard fund that is managed by the same fund manager or a manager that is part of the same concern as the manager of the standard fund or foreign investment fund of a fund comparable to a standard fund that issues securities or book-entry securities for which the securities or book-entry securities are to be replaced.

(2) The right pursuant to subsection 1 shall expire if it is not exercised within the period specified in the merger notification. The period for exercising the right according to subsection 1 must be determined so that it is at least 30 days from the date of publication of the announcement about the merger and ends no later than 5 working days before the decisive date of the merger.

(3) Sections 131 to 141 shall apply mutatis mutandis in the case of redemption.

Section 391

Procedure without publication of the merger notice

(1) If it is not a merger, during which a notice of merger is being processed, the administrator of the mutual fund that is to be canceled by the merger shall publish on the website of this fund the decision of the Czech National Bank on the authorization of the merger and the statute of the mutual fund that has the merger arise within 1 month from the date of entry into force of this decision. At the same time, on the website of the mutual fund, which is to be canceled by the merger, it will publish a notice of the right to redeem the unit.

(2) By publishing the notice according to subsection 1, shareholders of mutual funds that are to be canceled by merger have the right to buy back the share certificate without deduction; however, an amount corresponding to purposefully incurred costs associated with the redemption of the share certificate can be deducted. This right will expire if it is not exercised within 2 months from the date of publication of the notice.

(3) When buying a share certificate, proceed according to Sections 131 to 141.

Section 392

Temporary exemption from investment limits

For a period of up to 6 months from the decisive date of the merger, the manager of the collective investment fund created by the merger does not have to comply with the investment limits for this fund, which are set by the government order issued pursuant to Section 215, subsection 2, for investment securities, money market instruments, securities issued investment fund or foreign investment fund, derivatives or claims for the payment of funds from an account in Czech or foreign currency, if there is a reason for this in terms of the consequences of the merger.

Section 393

Other rules

(1) The manager of a mutual fund or a foreign standard fund comparable to a mutual fund that was created through a merger shall notify the depository of this fund that the transfer of assets in this fund has been completed; will also publish information on the website of this fund that the decisive date of the merger has arrived.

(2) The depository of a mutual fund or a foreign investment fund comparable to a standard fund that has been canceled by a merger shall check whether the assets and debts in this fund have been valued in accordance with the criteria contained in the merger project and whether the exchange share has been calculated in accordance with this law and the fusion project. It prepares a report on the result of the inspection, which, upon request, it provides free of charge to the owners of securities or book-entry securities issued by a standard fund or a foreign investment fund comparable to the standard fund that is to be abolished by the merger, as well as to the Czech National Bank and the supervisory authority of the home state of the comparable foreign investment fund with standard fund.

(3) The depository of a mutual fund or a foreign investment fund comparable to a standard fund, which was canceled by a merger or which was created by a merger, shall check the compliance of the data contained in the notification on the merger with the requirements of this Act and the statute of these funds.

Section 394

The decisive fusion day

(1) A mutual fund, or a foreign investment fund comparable to a standard fund, which

participates in the merger, is canceled and the owners of securities or book-entry securities issued by this fund become owners of securities or book-entry securities issued by the mutual fund, or a foreign investment fund comparable to a standard fund, which is to be created by the merger, after the expiry of the specified period on the decisive date of the merger.

(2) The decisive date of the merger is also the day from which assets in a mutual fund, or in a foreign investment fund comparable to a standard fund, which is to be canceled by the merger, are considered from an accounting point of view as assets in a mutual fund, or in a foreign investment fund a fund comparable to the standard fund to be created by the merger.

(3) The decisive date of the merger must not precede the day on which the decision on the authorization of the merger issued by the Czech National Bank or the supervisory authority of the home state of a foreign investment fund comparable to a standard fund becomes legally binding.

(4) If a standard fund is canceled by merger and if a foreign investment fund comparable to a standard fund is created by merger, the shareholders of the standard fund that is to be canceled by merger become the owners of securities or book-entry securities issued by a foreign investment fund comparable to the standard fund, which is to be created by the merger, as of the date resulting from the law of the home country of this fund.

(5) If the master fund participates in the merger, the decisive date of the merger may occur no earlier than 60 days from the date of publication of the notice that the master fund is being canceled (Section 435 subsection 1).

(6) After the decisive date of the merger, the merger project cannot be changed or cancelled, nor can the merger or the decision on it be declared invalid.

Section 395

Exchange of securities or book-entry securities

(1) The administrator of the mutual fund that was created by the merger shall, within 3 months from the decisive date of the merger, ensure the exchange of a security or a book-entry security issued by the mutual fund, or by a foreign investment fund comparable to the standard fund that was canceled by the merger, for a unit certificate of the mutual fund of the fund that was created by the merger, in a ratio determined according to the amount of the mutual fund's fund capital attributable to the security or book-entry security issued by the mutual fund, or by a foreign investment fund comparable to the standard fund that was canceled by the merger, on the decisive date of the merger.

(2) If a mutual fund is canceled through a merger and if a foreign investment fund comparable to a standard fund is created through the merger, the unit certificate is exchanged for a security or a book-entry security issued by a foreign investment fund comparable to a standard fund within the time limit and in the ratio determined as of, which results from the law of the home state of a foreign investment fund comparable to a standard fund.

Section 396

Cash settlement for inadequacy of exchange share

(1) If the exchange ratio specified in the merger project is not adequate for the exercise of the right to exchange pursuant to Section 395, the manager of the mutual fund, or of a foreign investment fund comparable to the standard fund created by the merger, shall provide, through the administrator of this fund, to the owners of securities or book-entry securities of securities issued by a mutual fund, or a foreign investment fund comparable to a standard fund, which was canceled by the merger, cash settlement up to 10% of the current value of securities or book-entry securities issued by a mutual fund,

or a foreign investment fund comparable to a standard fund, which was canceled by the merger.

(2) The day on which the current value of a security or a book-entry security is determined for settlement purposes must be the same as the effective date of the merger.

Section 397

Cooperation between the Czech National Bank and the supervisory authority of a foreign investment fund in the process of applying for a merger permit

(1) As soon as the application for a merger permit, which occurs in the manner specified in Section 382 subsection 1 letter c) or d), meets the specified requirements, the Czech National Bank will send a copy of it and copies of the documents attached to it without undue delay to the supervisory authority of the home country of the foreign investment fund comparable to the standard fund that is to be created by the merger.

(2) The Czech National Bank shall, without undue delay, inform the supervisory authority of the home state of a foreign investment fund comparable to a standard fund, which is to be canceled by a merger or which is to be created by a merger, of the issuance of a decision to permit a merger, which takes place in the manner specified in Section 382 subsection 1 letter c) or d), as well as the fact that the decisive date of the merger has occurred.

Subchapter 3

Merger of mutual funds

Section 398

Permissible methods of merging

(1) Merger is allowed

- a) special funds that have the legal form of mutual funds,
- b) a special fund, which has the legal form of a mutual fund, and a standard fund, which has the legal form of a mutual fund, if the receiving mutual fund is to be a standard fund,
- c) standard funds that have the legal form of mutual funds,
- d) a standard fund, which has the legal form of a mutual fund, and a foreign investment fund comparable to a standard fund, and
- e) funds of qualified investors, which have the legal form of mutual funds.

(2) A mutual fund that ceases to exist as a result of a merger is canceled without liquidation and the assets in it become part of the assets in the receiving mutual fund, or in the receiving foreign investment fund comparable to a standard fund.

(3) The decision on the merger is made by the manager of mutual funds, and possibly also of foreign investment funds comparable to a standard fund, which participate in the merger. If more than one person decides to merge, their agreement is required.

Section 399

Merger project

- (1) The merger is carried out according to the approved merger project.
- (2) The merger project will be drawn up by the administrators of mutual funds, and possibly also of foreign investment funds comparable to a standard fund, which participate in the merger.
- (3) The merger project must be approved in the same wording by all those who drafted it.

Section 400

Merger project essentials

- (1) The merger project, with regard to the method of merger, contains at least
 - a) determination of which method of merger referred to in Section 398 subsection 1 is involved,
 - b) designation of the mutual funds, and possibly also of the foreign investment fund comparable to the standard fund, which participate in the merger,
 - c) reasons for the merger,
 - d) the likely effects of the merger on the interests of the owners of securities or book-entry securities issued by the mutual fund, or a foreign investment fund comparable to the standard fund that is canceled by the merger, and on the interests of the owners of securities or book-entry securities issued by the acquiring mutual fund, or by a receiving foreign investment fund comparable to a standard fund,
 - e) criteria for the valuation of assets and debts in a mutual fund, or in a foreign investment fund comparable to a standard fund, which become part of the assets and debts in the receiving mutual fund, or in a receiving foreign investment fund comparable to a standard fund,
 - f) procedure for calculating the exchange share (Section 411),
 - g) decisive date of merger,
 - h) rules for taking over assets in a mutual fund, or in a foreign investment fund comparable to a standard fund, which is to be abolished by merger, and the exchange of securities or book-entry securities issued by this fund for securities or book-entry securities issued by the acquiring mutual fund, possibly also by a receiving foreign investment fund comparable to a standard fund, a
 - i) draft of a new or updated statute of the receiving mutual fund or the receiving foreign investment fund comparable to a standard fund.
- (2) The merger project requires a written form.

Section 401

Permission of the Czech National Bank

- (1) In the case of a merger that takes place in any of the ways listed in Section 398 subsection 1 letter a) to d), the permission of the Czech National Bank is required, unless it is a merger that takes place in the manner specified in Section 398 subsection 1 letter d), and the standard fund should not be abolished by the merger.
- (2) The Czech National Bank will not permit a merger

- a) open mutual fund and closed mutual fund,
- b) mutual funds or foreign investment funds comparable to a standard fund with a significantly different way of investing,
- c) mutual funds or foreign investment funds comparable to a standard fund, if the protection of the interests of the owners of securities or book-entry securities issued by these funds is not ensured,
- d) mutual funds or foreign investment funds comparable to a standard fund, about which the owners of securities or book-entry securities issued by these funds have not been provided with sufficient information,
- e) of mutual funds or foreign investment funds comparable to a standard fund, if it is a merger in which a notice of merger is processed, and the receiving standard fund or the receiving foreign investment fund comparable to the standard fund will not be authorized to publicly offer securities issued by it or securities in the same Member States in which each of the standard funds participating in the merger was authorized to offer them to the public, and
- f) mutual funds or foreign investment funds comparable to a standard fund, if it is a merger in which a merger notification is being processed, and the supervisory authority of the home state receiving the foreign investment fund comparable to a standard fund until the Czech National Bank issues a decision by which the merger permits, he did not inform the Czech National Bank that his reservations, which he had communicated to it about the merger, no longer apply.

(3) On the day the decision of the Czech National Bank or any competent supervisory authority of the home country of a foreign investment fund comparable to a standard fund, which does not permit the merger, becomes final, the merger project is cancelled. The legal effects of the cancellation of the merger project will expire on the day when such decision has been legally canceled by a court decision.

Section 402

Proceedings for the application and for the permission of the merger

(1) Application for authorization of the merger taking place

- a) in the manner specified in Section 398 subsection 1 letter a), submitted by the administrator of the receiving mutual fund, or
- b) by any of the methods listed in Section 398 subsection 1 letter b) to d), submitted by the administrator of the mutual fund, which is to be canceled by the merger.

(2) An application for a merger permit, which takes place in the manner specified in Section 398 subsection 1 letter d), and its appendices must also be in the official language of the home country of the foreign investment fund comparable to the standard fund that is to be abolished by the merger, and in the official language of the home country of the receiving foreign investment fund comparable to the standard fund, or in a language in which submit documents to the supervisory authorities of these countries.

(3) The participants in the procedure for the application for permission to merge are the managers, administrators and depositories of mutual funds, as well as foreign investment funds comparable to the standard fund, which participate in the merger.

Section 403

Deadline for issuing a decision

(1) The Czech National Bank shall issue a decision on an application for a merger permit no later than 20 working days from the date of submission of an application that has the prescribed requirements and does not suffer from other defects.

(2) If the application for a merger permit, during which the merger notification is processed, does not have the prescribed requirements or suffers from other defects, the Czech National Bank shall invite the applicant no later than 10 working days from the date of submission of the application or from the date of its completion, to remove these defects within a reasonable period of time.

Section 404

Notice of Merger

(1) The administrator of the standard fund that participates in the merger shall process, publish and provide the unitholders or shareholders of this fund with a notice of the merger,

a) if the standard fund is to be canceled by merger and the assets in it become part of the assets in the standard fund, or in a foreign investment fund comparable to the standard fund, or

b) if a standard fund whose units are publicly offered in another Member State participates in the merger.

(2) Administrators of standard funds participating in the merger may prepare a joint communication on the merger. They will always process a joint notification about the merger if only the standard funds are to be canceled through the merger and if the assets in them are to become part of the assets of only the standard fund.

(3) The administrator of the standard fund, which participates in the merger, will publish the announcement of the merger only after the date of acquisition of legal force of the decision of the Czech National Bank or the supervisory authority of the home state of the foreign investment fund comparable to the standard fund, by which the merger is permitted to the last applicant for the merger permit.

Section 405

Requisites of the merger notice

(1) The notification on the merger contains information about the merger so that the owners of securities or book-entry securities issued by mutual funds, or even foreign investment funds comparable to standard funds participating in the merger, can assess the effects of the merger on their interests; the merger notice contains at least

a) reasons for the merger,

b) the effects of the merger on the interests of the owners of securities or book-entry securities issued by mutual funds, as well as foreign investment funds comparable to standard funds participating in the merger,

c) decisive date of merger a

d) information on whether the owners of securities or book-entry securities issued by mutual funds, or foreign funds comparable to standard funds participating in the merger, have a right to redemption or a right to replacement pursuant to Section 406, subsection 1, and an explanation of the essence of this right, including the deadline for exercising it.

(2) The notice of merger shall be prepared and published also in the official language of other

member states in which investments in the standard fund are offered, or in a foreign investment fund comparable to the standard fund participating in the merger, or in the language in which documents can be submitted to the supervisory authorities of these countries.

(3) The Czech National Bank shall establish by decree the requirements for the content of the merger notification within the scope of subsection 1.

Section 406

Consequences of Publication of the Merger Notice

(1) The publication of a notice of merger gives the shareholder of a standard fund that participates in the merger, or of a special fund that is to be canceled by the merger,

a) the right to redeem the share certificate without deduction; however, it is possible to deduct the amount corresponding to the purposefully incurred costs associated with the redemption of the share certificate, or

b) the right to replace the unit certificate with a security or a book-entry security issued by another standard fund or another foreign investment fund comparable to the standard fund, which is managed by the same manager or a manager who is part of the same concern as the manager of the standard fund or a foreign investment fund comparable to the standard by a fund that issues securities or book-entry securities for which the securities or book-entry securities are to be exchanged.

(2) The right according to subsection 1 shall expire if it is not exercised within the period specified in the notice of merger. The period for exercising the right according to subsection 1 must be determined so that it is at least 30 days from the date of publication of the announcement on the merger and ends no later than 5 working days before the decisive day of the merger.

(3) In the case of redemption, the procedure is in accordance with Sections 131 to 141.

Section 407

Procedure without publication of the merger notice

(1) If it is not a merger, during which a notice of merger is being processed, the administrator of the mutual fund that is to be canceled by the merger shall publish on the website of this fund the decision of the Czech National Bank on the authorization of the merger and the statute of the receiving mutual fund within 1 month from the date of entry into force of this decision. At the same time, on the website of the mutual fund, which is to be abolished by the merger, it will publish a notice of the right to buy back the unit.

(2) By publishing the notice according to subsection 1, the shareholders of the mutual fund, which is to be abolished by merger, have the right to buy back the share certificate without deduction; however, an amount corresponding to purposefully incurred costs associated with the redemption of the share certificate can be deducted. This right will expire if it is not exercised within 2 months from the date of publication of the notice.

(3) Sections 131 to 141 shall apply mutatis mutandis in the case of redemption.

Section 408

Temporary exemption from investment limits

For a period of up to 6 months from the decisive date of the merger, the manager of the receiving

investment fund does not have to comply with the investment limits for this fund, which the government regulation issued pursuant to Section 215, subsection 2, establishes for investment securities, money market instruments, securities issued by an investment fund or a foreign investment fund, derivatives or claims for the payment of funds from an account in Czech or foreign currency, if there is a reason for this from the point of view of the consequences of the merger.

Section 409

Other rules

(1) The manager of the receiving standard fund or the receiving foreign investment fund comparable to the standard fund shall notify the depository of this fund that the transfer of assets in this fund has been completed; will also publish information on the website of this fund that the decisive day of the merger has arrived.

(2) The depository of a mutual fund that was abolished by the merger shall check whether the assets and debts in this fund have been valued in accordance with the criteria contained in the merger project and whether the exchange share has been calculated in accordance with this Act and the merger project. It will prepare a report on the result of the inspection, which it will provide free of charge to the owners of securities or book-entry securities issued by standard funds or foreign standard funds participating in the merger, as well as to the Czech National Bank and the supervisory authority of the home state of the foreign investment fund comparable to the standard fund.

(3) The depository of a mutual fund or of a foreign investment fund comparable to a standard fund that participates in the merger shall check the compliance of the data contained in the merger notice with the requirements of this Act and the statute of these funds.

Section 410

The decisive day of the merger

(1) A mutual fund, or even a foreign investment fund comparable to a standard fund, which is to be abolished by merger, is canceled and the owners of securities or book-entry securities issued by this fund become shareholders of the receiving mutual fund upon expiry of the specified period on the decisive date of the merger.

(2) The decisive date of the merger is also the day from which assets in the mutual fund, or in a foreign investment fund comparable to the standard fund to be canceled by the merger, are considered from an accounting point of view as assets in the receiving mutual fund.

(3) The decisive date of the merger must not precede the day on which the decision on permission to merge issued by the Czech National Bank and the supervisory authority of the home state of a foreign investment fund comparable to a standard fund becomes legally binding.

(4) If the standard fund is canceled by the merger and if the receiving fund is a foreign investment fund comparable to the standard fund, the shareholders of the standard fund, which is to be canceled by the merger, become the owners of securities or book-entry securities issued by the receiving foreign investment fund comparable with the standard fund as of the date resulting from the law of the home country of this fund.

(5) If the master fund participates in the merger, the decisive day of the merger can occur no earlier than 60 days from the date of publication of the notice that the master fund is being canceled (Section 435 subsection 1).

(6) After the decisive date of the merger, the merger project cannot be changed or cancelled,

nor can the merger or the decision on it be declared invalid.

Section 411

Exchange of securities or book-entry securities

(1) The administrator of the receiving mutual fund shall, within 3 months from the decisive date of the merger, ensure the exchange of a security or a book-entry security issued by the mutual fund, or by a foreign investment fund comparable to the standard fund that was canceled by the merger, for a unit certificate of the receiving mutual fund in the ratio determined according to the amount of the mutual fund's fund capital attributable to a security or a book-entry security issued by a mutual fund or a foreign investment fund comparable to a standard fund that was canceled by the merger, on the decisive date of the merger.

(2) If the merger cancels the mutual fund and if the receiving fund is a foreign investment fund comparable to a standard fund, the share certificate shall be exchanged for a security or a book-entry security issued by a foreign investment fund comparable to a standard fund within the period and in the ratio determined as of the date resulting from the law of the home country of the foreign investment fund comparable to the standard fund.

Section 412

Monetary settlement for inappropriateness of the exchange ratio

(1) If the exchange ratio specified in the merger project is not adequate for the exercise of the right to exchange pursuant to Section 411, the manager of the receiving mutual fund or the receiving foreign investment fund comparable to a standard fund shall, through the administrator of this fund, provide the owners of securities or book-entry securities issued by the mutual fund, or by a foreign investment fund comparable to a standard fund that was abolished by the merger, cash settlement up to 10% of the current value of the securities or book-entry securities issued by the mutual fund, or by a foreign investment fund comparable to the standard fund that was a merger cancelled.

(2) The day on which the current value of a security or a book-entry security is determined for settlement purposes must be the same as the decisive day of the merger.

Section 413

Cooperation between the Czech National Bank and the supervisory authority of a foreign investment fund in the process of applying for a merger permit

(1) As soon as an application for a merger permit, which takes place in the manner specified in Section 398 subsection 1 letter d), meets the specified requirements, the Czech National Bank will without undue delay send a copy of it and copies of the documents attached to it to the supervisory authority of the home state receiving the foreign investment fund comparable to the standard fund and ask it to express whether it has reservations about the communication on the merger in terms of the information contained therein in relation to the owners of securities or book-entry securities issued by such receiving foreign investment fund comparable to the standard fund.

(2) If in connection with the decision-making on the request for a merger permit, which takes place in the manner specified in Section 398 subsection 1 letter d), the Czech National Bank will receive from the supervisory authority of the home state of the foreign investment fund comparable to the standard fund participating in the merger, a copy of the communication on the merger, to which, after its assessment, it has reservations from the point of view of protecting the interests of the shareholders of the standard fund participating in the merger, informs the supervisory authority that sent her a copy of the merger notification of the nature of these reservations; at the same time, it can communicate these

reservations to the manager of this standard fund within 15 working days from the day on which it received a copy of the merger notification and invite it to modify the content of the merger notification based on the Czech National Bank's reservations.

(3) The Czech National Bank shall notify the supervisory authority referred to in subsection 2 that its reservations continue if it considers that the amendment of the content of the merger notification carried out by the manager based on the request of the Czech National Bank pursuant to subsection 2 is insufficient. The Czech National Bank will send the notification that its reservations continue to the supervisory authority within 20 working days from the date on which it received the manager's submission on amending the content of the merger notification based on the Czech National Bank's reservations.

(4) The Czech National Bank without undue delay informs the supervisory authority of the home state of a foreign investment fund comparable to a standard fund that participates in the merger of the issuance of a decision on the authorization of the merger, which takes place in the manner specified in Section 398 subsection 1 letter d), as well as the fact that the decisive day of the merger has arrived.

Subchapter 4

Conversion of a mutual fund into a joint stock company

Section 414

Admissibility of conversion

(1) A mutual fund can be converted into a joint-stock company with variable capital.

(2) A closed mutual fund can also be transformed into a joint-stock company, which is not a joint-stock company with variable capital.

(3) The manager of the mutual fund decides on the conversion of a mutual fund into a joint-stock company.

Section 415

Transformation project

(1) The conversion of a mutual fund into a joint-stock company is carried out according to the approved conversion project.

(2) The conversion project will be drawn up by the mutual fund administrator.

Section 416

Remodeling project essentials

(1) The transformation project contains at least

a) designation of the mutual fund being converted and the proposed business name of the joint-stock company into which the mutual fund is to be converted,

b) data necessary to identify the manager who is to manage the joint-stock company into which the mutual fund is to be converted,

c) reasons for conversion,

- d) probable effects of the conversion on the interests of the unitholders of the mutual fund,
- e) criteria for valuation of assets and debts in a mutual fund,
- f) procedure for calculating the exchange share between share certificates and shares of a joint-stock company or investment shares of a joint-stock company with variable capital (Section 422),
- g) decisive day of conversion,
- h) rules for taking over assets in a mutual fund by a joint-stock company and exchanging unit certificates for shares in a joint-stock company or for investment shares in a joint-stock company with variable capital and
- i) draft of the partnership agreement and statute of the joint-stock company into which the mutual fund is to be converted.

(2) The conversion project requires a written form.

Section 417

Permission of the Czech National Bank

permission of the Czech National Bank is required to convert a collective investment fund, which has the legal form of a mutual fund, into a joint stock company.

(2) The Czech National Bank will not allow conversion if

- a) protection of the interests of the shareholders of the converted mutual fund is not ensured, or
- b) the only person to subscribe for the founding shares of a joint-stock company with variable capital into which the mutual fund is converted is not the manager of the converted mutual fund.

(3) The conversion project is canceled on the day of the acquisition of legal force of the decision of the Czech National Bank, which does not allow the conversion. The legal effects of the cancellation of the conversion project will expire on the day when such a decision was legally canceled by a court decision.

Section 418

Procedure for application for conversion permit

(1) The application for the conversion election is submitted by the administrator of the mutual fund being converted.

(2) The participants in the procedure for the application for permission to convert are the manager, administrator and depository of the converted mutual fund.

Section 419

Subscription of founding shares

If the mutual fund is to be converted into a joint-stock company with variable capital, part of the decision of the manager of the mutual fund on the conversion and part of the conversion project is the commitment of the manager of the mutual fund to subscribe to the founding shares of the future

joint-stock company with variable capital, in the amount of the share in the basic capital, which will correspond to the subscribed share capital of this company.

Section 420

Informing shareholders and the right to redeem a share certificate

(1) The administrator of the converted mutual fund shall publish the decision of the Czech National Bank on the authorization of the conversion on the website of this fund within 1 month from the date of acquisition of legal force of this decision. If an open mutual fund is being converted, its administrator shall publish the conversion project, the partnership agreement and the statute of the joint-stock company with variable capital into which the mutual fund is to be converted, within the same period in the same place.

(2) The administrator of the mutual fund being converted shall publish, together with the documents referred to in subsection 1, on the fund's website a notice of the right to redeem the unit. By publishing this notice, the shareholders of the converted mutual fund have the right to redeem the share certificate without deduction; however, an amount corresponding to purposefully incurred costs associated with the redemption of the share certificate can be deducted. This right will expire if it is not exercised within 2 months from the date of publication of the notice.

(3) In the case of redemption, the procedure is in accordance with Sections 131 to 141.

Section 421

Conversion Effective Date

(1) A mutual fund that is converted into a joint-stock company is canceled and its shareholders become shareholders of the newly established joint-stock company or owners of investment shares of a newly established joint-stock company with variable capital on the date of registration of the newly established joint-stock company in the commercial register.

(2) A newly established joint-stock company cannot be registered in the commercial register before the date of the acquisition of legal force of the decision of the Czech National Bank on the authorization of the conversion, if its authorization is required. A newly established joint-stock company with variable share capital cannot be registered in the commercial register even if the issue price of the founding shares has not been fully paid.

(3) After the effective date of the conversion, the conversion project cannot be changed or cancelled, nor can the conversion or decisions about it be declared invalid.

Section 422

Exchange of share certificates for shares

The administrator of the joint-stock company into which the mutual fund was converted shall, within 3 months from the effective date of the conversion, ensure the exchange of the unit certificate issued by the canceled mutual fund for a share of a newly established joint-stock company or for an investment share of a newly established joint-stock company with variable capital in the ratio determined according to the above of the fund capital of the mutual fund attributable to the unit certificate of the canceled mutual fund as of the effective date of the conversion.

Section 423

Cash settlement for inadequacy of exchange share

(1) If the exchange ratio specified in the conversion project is not adequate for the exercise of the right to exchange pursuant to Section 422, the manager of the joint-stock company into which the mutual fund has been converted shall, through the administrator, provide the owners of securities or book-entry securities issued by the canceled mutual fund with a monetary settlement, up to 10% of the current value of unit certificates issued by the canceled mutual fund.

(2) The day on which the current value of the share certificate is determined for the purposes of reconciliation must be the same as the effective date of the conversion.

Section 424

Similar application of other parts of this Act

In the following, for the establishment of a joint stock company into which the mutual fund is to be converted, and if this joint stock company is to be a self-managed investment fund, the provisions of this Act on the granting of a permit for the activity of a self-managed investment fund shall be applied *mutatis mutandis*.

Subchapter 5

Conversion of a closed mutual fund into an open mutual fund

Section 425

Admissibility of conversion

(1) A closed mutual fund can be transformed into an open mutual fund only if it is a case referred to in Section 144.

the converted mutual fund decides on the conversion of a closed mutual fund into an open mutual fund.

Section 426

Permission of the Czech National Bank

(1) The permission of the Czech National Bank is required to convert a collective investment fund, which has the legal form of a closed mutual fund, into a collective investment fund, which has the legal form of an open mutual fund.

(2) The Czech National Bank will not permit conversion if the interests of the shareholders of the collective investment fund being converted are not protected.

Section 427

Procedure for application for conversion permit

(1) The application for a conversion permit is submitted by the administrator of the mutual fund being converted.

(2) The participants in the procedure for the application for permission to convert are the manager, administrator and depository of the converted mutual fund.

Section 428

Other rules

(1) If it cannot reasonably be assumed that the ratios of the mutual fund on the effective date of the conversion will be in accordance with the rules, techniques or limits that are to be introduced, maintained and applied for the open mutual fund according to Section 215 or 284, they shall be stated in the articles of association transitional provisions containing a) the length of the transitional period and b) exceptions to the rules, techniques or limits that are necessary in the transitional period to carry out the conversion in the best interest of all shareholders.

(2) In the decision authorizing the conversion, the Czech National Bank may impose on the manager or administrator of the mutual fund with regard to the conversion, with the exception of subsection 1 letter b) other conditions that the manager or administrator must comply with or fulfill in connection with the conversion during the transitional period.

(3) From the date of submission of the application for permission to convert, the administrator of the mutual fund shall publish on the website of this fund information about the intended conversion and its consequences for shareholders.

Subchapter 6

Conversion of a special fund to a standard fund

Section 429

Admissibility of conversion

(1) Conversion of a special fund into a standard fund is permitted.

(2) The manager of the converted special fund decides on the conversion of a special fund into a standard fund.

Section 430

Permission of the Czech National Bank

(1) The permission of the Czech National Bank is required to convert a special fund into a standard fund.

(2) The Czech National Bank will not permit the conversion if the interests of the shareholders of the converted special fund are not protected.

(3) The Czech National Bank shall decide on the approval of the depository and the statute of this fund simultaneously with the authorization of the conversion.

Section 431

Procedure for application for conversion permit

(1) The administrator of the special fund to be converted submits an application for a conversion permit.

(2) The participants in the procedure for the application for a conversion permit are the manager, administrator and depository of the special fund being converted.

Section 432

Other rules

(1) If it cannot reasonably be assumed that the ratios of the mutual fund will be in accordance with the rules, techniques or limits that are to be introduced, maintained and applied for the standard fund according to Section 215 on the effective date of the conversion, transitional provisions containing

a) the length of the transition period a

b) exceptions to the rules, techniques or limits that are necessary in the transitional period to carry out the conversion in the best interest of all shareholders.

(2) In the decision authorizing the conversion, the Czech National Bank may impose on the manager or administrator of the share fund in connection with the exception according to subsection 1 letter b) other conditions that the manager or administrator must comply with or fulfill in connection with the conversion during the transitional period.

(3) From the date of submission of the application for permission to convert, the administrator of the investment fund shall publish information about the intended conversion and its consequences for the shareholders on the website of this fund.

Subchapter 7

Transfer of assets of a capital company to a mutual fund

Section 432a

Admissibility of transfer of assets

(1) The transfer of the assets of a capital company to a mutual fund is permitted if

a) the receiving mutual fund is registered in the public register as the sole shareholder of the dissolving capital company in accordance with Section 105,

b) the transfer of the assets does not result in a breach of the statute of the receiving mutual fund; and

c) the transfer of the assets will not prejudice the interests of the shareholders of the receiving mutual fund.

(2) On the effective date of the transfer of assets, the dissolving capital company is dissolved without liquidation and its assets are transferred to the receiving mutual fund.

(3) The transfer of assets is decided, after the prior opinion of the depositary of the receiving mutual fund, only by the statutory body of the manager of the receiving mutual fund acting on behalf of the sole shareholder in the capacity of the general meeting of the dissolving capital company, unless this decision belongs to the competence of the assembly of shareholders of the receiving mutual fund. The invalidity of such a decision may not be invoked.

(4) The decision referred to in subsection 3 shall not be taken into account if the conditions referred to in subsection 1 are not met or if the depositary of the receiving mutual fund has given a dissenting opinion. The depositary of the receiving mutual fund shall state in its opinion whether the transfer of assets will not result in a breach of the fund's statute.

(5) The provisions of the Act regulating the conversion of companies and cooperatives, which

regulate the national transfer of assets to a shareholder, shall apply mutatis mutandis to the transfer of the assets of a capital company to a mutual fund; the provisions regulating the conversion report, the publication of the conversion project before its approval, the shareholders' right to information and the nullity of the conversion shall not apply.

(6) The rights and obligations that the Act on Conversions of Commercial Companies and Cooperatives imposes on the acquiring shareholder and its bodies are executed and fulfilled by the manager of the receiving mutual fund.

Section 432b

Asset transfer project

(1) The project of transfer of assets shall be prepared jointly by the administrator of the receiving mutual fund and the dissolving capital company.

(2) The project of transfer of assets shall include

- a) designation of the receiving mutual fund, its manager, administrator and depositary,
- b) designation of the dissolving capital company,
- c) reasons for the transfer of assets,
- d) likely effects of the transfer of assets on the interests of the shareholders of the receiving mutual fund; and
- e) decisive date of the transfer of assets.

Section 432c

Permission of the Czech National Bank

(1) If the acquiring mutual fund is a collective investment fund, the permission of the Czech National Bank is required to transfer the assets of the capital company to such receiving mutual fund.

(2) The Czech National Bank shall not permit the transfer of assets pursuant to subsection 1, if the protection of the interests of the shareholders of the receiving mutual fund is not ensured.

(3) Subsections 1 and 2 shall not apply to the transfer of the assets of a real estate company to a receiving mutual fund that invests in real estate or in interests in a real estate company.

Section 432d

Proceedings on the application for the issuance of a permit for the transfer of assets by the Czech National Bank

(1) The application for permission to transfer the assets pursuant to Section 432c subsection 1 shall be submitted by the administrator of the receiving mutual fund without undue delay after the adoption of the decision pursuant to Section 432a subsection 3.

(2) The parties to the proceedings for permission to transfer assets pursuant to Section 432c subsection 1 are the asset manager, the administrator and the depositary of the receiving collective investment fund.

Section 432e

Obligation of publication

The administrator of the receiving mutual fund is obliged to publish or disclose the conversion project and a notice to creditors, employee representatives, employees and shareholders or members, of their rights under the Act regulating conversions of companies and cooperatives.

Section 432f

Obligations after the legal effects of the transfer of assets

(1) The manager of the receiving mutual fund shall send the depositary of this mutual fund information that it has adopted a decision pursuant to Section 432a subsection 3, that the transfer of assets has taken place and when its legal effects have taken place, without undue delay after these legal effects have occurred.

(2) The administrator of the receiving mutual fund of collective investment shall publish the project of the transfer of assets and the decision of the Czech National Bank pursuant to Section 432c subsection 1 on the website of the fund without undue delay after the legal effects of the transfer of assets have occurred.

(3) The administrator of the receiving mutual fund which is a fund of qualified investors shall make the project of the transfer of assets available to the shareholders of this fund without undue delay after the legal effects of the transfer of assets have occurred.

Subchapter 8

Special provisions for master and feeder funds

Section 433

Obligations of the manager of the feeder fund upon the cancellation or conversion of its master fund

(1) If the master fund participates in a merger or amalgamation or if it participates in another transformation permitted by the law of a foreign state, or if it is dissolved under the law of a foreign state without liquidation, or if it participates in a merger or other comparable transformation which is permitted by the law of a foreign country, the manager of the feeder fund of this master fund shall, through the administrator of this fund, request the prior consent of the Czech National Bank, stating that he intends to

a) invest assets in this fund as a feeder fund manager in securities or book-entry securities issued by the existing master fund or another master fund, or

b) continue to invest assets in this fund as a manager of a standard fund that is not a feeder fund.

(2) If the manager of the feeder fund does not apply for the prior consent of the Czech National Bank in accordance with subsection 1 within 1 month from the day on which he received the notification that the master fund is being canceled (Section 435 subsection 2) or a comparable notification according to the law of a foreign state, this fund is canceled by the futile expiration of this liquidation period. If the Czech National Bank rejects the request for prior approval pursuant to subsection 1, the feeder fund shall be canceled with liquidation on the date of entry into force of this decision.

(3) Until the expiry of the period according to subsection 2 or until the granting of prior consent

according to subsection 1, the manager of the feeder fund may invest assets in this fund only for the purpose of preserving his assets.

Part 3

Common provisions

Section 434

Obligation to prepare financial statements

On the date of cancellation of the mutual fund, its administrator will draw up an extraordinary financial statement of this fund in accordance with the law regulating accounting; the annual report is not drawn up on the date of cancellation of the mutual fund.

Section 435

Special provisions for the master and feeder fund

(1) The master fund can be canceled no earlier than 3 months after the date on which the notice that this fund is being canceled was published.

(2) The administrator of the master fund shall send the notification referred to in subsection 1 simultaneously with its publication to all its feeder funds and the relevant supervisory authorities of their home states.

CHAPTER V

CHANGE IN THE HOME COUNTRY OF INVESTMENT FUND OR FOREIGN INVESTMENT FUND

Part 1

Conversion of a foreign investment fund with legal personality into an investment fund with legal personality

Section 436

Admissibility of conversion

(1) Conversion of a foreign investment fund with legal personality into an investment fund with legal personality is permitted.

(2) The transformation of a foreign investment fund with legal personality into an investment fund with legal personality occurs when the converted foreign investment fund relocates its registered office to the Czech Republic.

Section 437

Special provisions on the granting of a permit for the activity of a self-managed investment fund

(1) A foreign investment fund with legal personality, which is to be transformed into a self-governing investment fund, shall apply to the Czech National Bank for permission to operate as a self-governing investment fund before registering the relocation of its registered office in the commercial register.

(2) The Czech National Bank shall grant a permit for the operation of a self-managed investment fund to a foreign investment fund with legal personality, even if this fund does not have its registered office in the Czech Republic, if the other conditions for granting the permit are met. However, the effects of the decision to grant the permit will not occur earlier than the day on which the effects of the relocation of the headquarters of the foreign investment fund with legal personality to the Czech Republic occur.

Section 438

Similar application of other provisions of this Act

In the following, for the conversion of a foreign investment fund with legal personality into a self-governing investment fund, the provisions of this Act on the granting of a permit for the activity of a self-governing investment fund shall be applied *mutatis mutandis*.

Part 2

Conversion of an investment fund with legal personality into a foreign investment fund with legal personality

Section 439

Admissibility of conversion

(1) The conversion of an investment fund with legal personality into a foreign investment fund with legal personality is permitted.

(2) The conversion of an investment fund with legal personality into a foreign investment fund with legal personality occurs when the converted investment fund moves its registered office abroad.

Section 440

Permission of the Czech National Bank

(1) The permission of the Czech National Bank is required to convert a collective investment fund with legal personality into a foreign investment fund with legal personality.

(2) The Czech National Bank shall not permit

a) conversion of a standard fund into a foreign investment fund without legal personality, or

b) conversion, if the protection of the interests of the shareholders of the converted collective investment fund is not ensured.

Section 441

Procedure for application for conversion permit

(1) The administrator of the collective investment fund to be converted submits the application for permission for conversion.

(2) The parties to the procedure for the request for a conversion permit are the converted collective investment fund and its manager, administrator and depository.

Chapter 3

Conversion of a foreign investment fund without legal personality into an investment fund without legal personality

Section 442

Admissibility of conversion

(1) The conversion of a foreign investment fund without legal personality into an investment fund without legal personality is permitted, if this is also permitted by the law of the state that is the home state of the foreign investment fund being converted.

(2) The manager of the converted foreign investment fund decides on the conversion; will also decide what legal form the converted investment fund will have under Czech law.

Section 443

Conversion Effective Date

(1) A foreign investment fund without legal personality becomes an investment fund without legal personality on the date of entry into the list of mutual funds maintained by the Czech National Bank, if this fund has the legal form of a mutual fund, or into the list of investment funds having the legal form of a trust fund maintained by the Czech by the National Bank, if this fund has the legal form of a trust fund.

(2) The provisions of the law of the home state of the converted foreign investment fund, which aim to protect the investors of this fund in the event of conversion, shall also be applied after the effective date of the conversion, if the law of the home country of the converted foreign investment fund insists on it and if this does not contradict public order according to Czech law.

(3) After the effective date of the conversion, the conversion or the decision about it cannot be declared invalid.

Section 444

Similar application of other provisions of this Act

In other respects, for the conversion of a foreign investment fund without legal personality into an investment fund without legal personality, the provisions of this Act on the creation of an investment fund without legal personality in the relevant legal form shall be applied mutatis mutandis.

Chapter 4

Conversion of an investment fund without legal personality into a foreign investment fund without legal personality

Section 445

Admissibility of conversion

(1) The conversion of an investment fund without legal personality into a foreign investment fund without legal personality is permitted, if the law of the state which will be the home state of the converted foreign investment fund also allows this.

(2) The manager of the converted investment fund decides on the conversion; also decides what

legal form the converted foreign investment fund will take.

Section 446

Transformation project

(1) The conversion of an investment fund without legal personality into a foreign investment fund without legal personality is carried out according to the approved conversion project.

(2) The conversion project is drawn up by the administrator of the converted investment fund.

Section 447

Remodeling project essentials

(1) The transformation project contains at least

- a) designation of the investment fund being converted,
- b) information on the state that will be the home state of the converted foreign investment fund,
- c) information on the legal form that the converted foreign investment fund will have,
- d) reasons for conversion,
- e) likely effects of the conversion on the interests of shareholders or beneficiaries of the converted investment fund,
- f) criteria for the valuation of assets and liabilities of the converted investment fund,
- g) procedure for calculating the exchange ratio between shares, if the converted investment fund has the legal form of a mutual fund, and other securities or book-entry securities, if these securities or book-entry securities are to represent the investors' share of the assets of the converted foreign investment fund, as well as the rules for their exchange,
- h) decisive day of conversion a
- i) draft of the statute of the converted investment fund or other comparable document, if applicable.

(2) The conversion project requires a written form.

Section 448

Permission of the Czech National Bank

(1) The permission of the Czech National Bank is required to convert a collective investment fund without legal personality into a foreign investment fund without legal personality.

(2) The Czech National Bank shall not permit

- a) conversion of a standard fund into a foreign investment fund without legal personality, or
- b) conversion, if the protection of the interests of the shareholders of the converted collective investment fund is not ensured.

(3) The conversion project is canceled on the day of the acquisition of legal force of the decision of the Czech National Bank, which does not allow the conversion. The legal effects of the cancellation of the transformation project will expire on the day when such a decision of the Czech National Bank was legally annulled by a court decision.

Section 449

Procedure for application for conversion permit

(1) The application for a conversion permit is submitted by the administrator of the collective investment fund being converted.

(2) Participants in the procedure for permission to convert are the manager, administrator and depository of the converted collective investment fund.

Section 450

Informing investors and the right to redeem a share certificate

(1) The administrator of the converted collective investment fund shall publish the conversion project and the decision of the Czech National Bank on the authorization of the conversion on the website of this fund within 1 month from the date of acquisition of legal force of this decision.

(2) The administrator of the converted fund of qualified investors shall publish the conversion project on the website of this fund within 1 month from the date of its approval.

(3) If the converted investment fund has the legal form of a mutual fund, the administrator of the converted investment fund shall, together with the documents referred to in subsection 1 or 2, publish on the fund's website a notice of the right to redeem a unit certificate.

(4) By publishing the notice according to subsection 3, the shareholders of the converted mutual fund have the right to buy back the share certificate without deduction; however, an amount corresponding to the expedient costs of the administrator associated with the redemption of the share certificate can be deducted.

(5) The right to purchase pursuant to subsection 4 shall expire if it is not exercised within 2 months from the date of publication of the notice pursuant to subsection 3.

(6) When buying a share certificate, proceed according to Sections 131 to 141.

Section 451

Conversion Effective Date

(1) An investment fund without legal personality becomes a foreign investment fund without legal personality on the day determined by the law of the home state of the foreign investment fund without legal personality, otherwise on the day the investment fund without legal personality is deleted from the list of mutual funds maintained by the Czech National Bank, if this fund has the legal form of a mutual fund, or from the list of investment funds having the legal form of a trust fund maintained by the Czech National Bank, if this fund has the legal form of a trust fund.

(2) The provisions of Czech law, which are intended to protect the shareholders or contemplated investment fund without legal personality in the event of a conversion, are also applied after the effective date of the conversion.

(3) If the conversion requires the permission of the Czech National Bank, the effective date of the conversion may not precede the date of acquisition of legal force of the decision of the Czech National Bank on permission of the conversion.

(4) After the effective date of the conversion, the conversion project cannot be changed or cancelled, nor can the conversion or decisions about it be declared invalid.

Section 452

Transfer and exchange of securities or book-entry securities

(1) If the share of investors in the property of a converted foreign investment fund without legal personality is to be represented by securities or book-entry securities, the person who performs activities for this fund comparable to the activities of an administrator shall ensure the transfer of these securities within 3 months from the decisive date of the conversion papers or book-entry securities to investors of a converted foreign investment fund.

(2) If the converted investment fund without legal personality had the legal form of a mutual fund, the securities or book-entry securities referred to in subsection 1 shall be transferred in exchange for unit certificates issued by this fund in a ratio determined according to the amount of the fund capital of the mutual fund attributable to the unit certificate to the relevant conversion date.

Section 453

Cash settlement for inadequacy of exchange share

(1) If, for the exercise of the right to exchange pursuant to Section 452, subsection 2, the exchange ratio specified in the conversion project is not adequate, the person who performs for the converted investment fund without legal personality an activity comparable to the activity of the manager shall provide, through the person who for this fund performs an activity comparable to that of an administrator, paying share holders in cash up to 10% of the current value of these shares.

(2) The day on which the current value of the share certificate is determined for the purposes of reconciliation must be the same as the effective date of the conversion.

TITLE VI

COMMON PROVISIONS

Section 454

(1) An application for the appointment of a liquidator pursuant to Section 346, subsection 2, can only be submitted electronically; the application must contain data and documents proving the fulfillment of the prerequisites for the appointment of the person whose appointment is requested as liquidator of the investment company. The Czech National Bank shall determine by decree the requirements of the application certifying the fulfillment of the prerequisites established by this Act, its form and the method of submission.

(2) Application for the granting of a permit pursuant to Section 356 subsection 1, Section 360 subsection 1, Section 366 subsection 1, Section 370 subsection 1, Section 386 subsection 1, Section 402 subsection 1, Section 418 subsection 1, Section 427 subsection 1, Section 431 subsection 1, Section 432d subsection 1, Section 441 subsection 1 and Section 449 subsection 1 can only be filed electronically; the application must contain data and documents proving the fulfillment of the prerequisites for the granting of a permit established by this law. The Czech National Bank shall determine by decree the requirements of the application certifying the fulfillment of the prerequisites

established by this Act, its form and the method of submission.

PART TWELVE

NOTIFICATION OBLIGATIONS

Section 455

Annual and semi-annual reports

(1) The manager of an investment fund or a foreign investment fund shall provide the Czech National Bank with its annual report, half-yearly report or consolidated annual report, if they are drawn up. An investment company must always prepare an annual report.

(2) The administrator of an investment fund or foreign investment fund shall provide the Czech National Bank with its annual report and half-yearly report, and the annual report and half-yearly report of the investment fund or foreign investment fund it administers, if they are prepared.

(3) The administrator of a feeder fund, whose master fund is a foreign investment fund, shall provide the Czech National Bank with an annual report and a half-yearly report of this master fund, if it is drawn up.

(4) Part of the annual report or consolidated annual report pursuant to subsection 1 is the financial statements or consolidated financial statements verified by the auditor.

Section 456

Disapproval of financial statements

The administrator of an investment fund or a foreign investment fund shall notify the Czech National Bank that the competent authority has not approved the financial statements of the investment fund it administers within the specified period, or the court has ruled on the invalidity of the actions of the competent authority that approved the financial statements of the investment fund.

Section 457

Status and communication of key information

(1) The administrator of an investment fund or a foreign investment fund shall provide the Czech National Bank with the statute of this fund and shall notify it of any changes to it.

(2) The administrator of an investment fund or a foreign investment fund shall provide the Czech National Bank with key information of this fund and notify it of any changes to it.

Section 458

Suspension of issuance or redemption of unit certificates or investment shares

The manager of an investment fund or a foreign investment fund shall notify the Czech National Bank of its decision to suspend the issuance or redemption of unit certificates or investment shares and shall send it a record of this decision.

Section 459

Entrusting another with the performance of an individual activity

(1) The manager of an investment fund or a foreign investment fund shall notify the Czech National Bank that he intends to entrust another person with the performance of individual activities that include the management of an investment fund or a foreign investment fund.

(2) The administrator of an investment fund or a foreign investment fund shall notify the Czech National Bank that he intends to entrust another person with the performance of individual activities that include the administration of the investment fund or foreign investment fund.

Section 460

Authorization of another authorized person

(1) The manager of an investment fund or a foreign investment fund shall notify the Czech National Bank that the person who has been entrusted with the performance of an individual activity, which includes the management of an investment fund or a foreign investment fund, intends to entrust the performance of some act or some acts from this activity to another.

(2) The administrator of an investment fund or a foreign investment fund shall notify the Czech National Bank that the person who has been entrusted with the performance of an individual activity, which includes the administration of an investment fund or a foreign investment fund, intends to entrust another person with the performance of an act or certain acts from this activity.

Section 461

Public offering of investments in the Czech Republic or in another member state

(1) The administrator of a foreign investment fund comparable to a standard fund in which investments are publicly offered in the Czech Republic shall notify the Czech National Bank of a change in the document of this fund comparable to the articles of association, articles of association, annual report, half-yearly report and communication of key information, and at the same time will announce where these documents can be found in electronic form.

(2) The administrator of a foreign investment fund comparable to a standard fund, in which investments are publicly offered in the Czech Republic, shall notify the Czech National Bank of changes in agreements pursuant to Section 306 and any change in the types of investments in this fund.

(3) The manager of an investment fund or a foreign investment fund shall notify the Czech National Bank that investments in this fund are publicly offered in the Czech Republic or in another member state. Other details of this announcement in relation to a foreign investment fund comparable to a standard fund are defined in Article 1 and Annex I of Commission Regulation (EU) No. 584/2010.

(4) The manager of an investment fund or a foreign investment fund shall notify the Czech National Bank of any change in the data specified in the notification pursuant to subsection 3, as well as the fact that investments in this fund have ceased to be publicly offered in the Czech Republic or in another member state.

Section 462

Basic data on the composition of the property

The manager of the investment fund or foreign investment fund shall notify the Czech National Bank of the data on

a) the composition of the fund's assets with a distinction according to the types of things in which the

fund can invest according to the statute,

b) the number of investors of the fund, divided into investors with headquarters or residence in the Czech Republic and investors with headquarters or residence abroad, and

c) the value of the fund's assets attributable to investors with headquarters or residence in the Czech Republic and the value of assets attributable to investors with headquarters or residence abroad.

Section 463

Data relating to the management of the investment fund and foreign investment fund

(1) The manager of an investment fund or a foreign investment fund shall notify the Czech National Bank of information on

a) the share of the fund's assets, which is subject to special measures due to its low liquidity, in the total assets of the fund, expressed as a percentage,

b) measures taken to manage the risk of insufficient fund liquidity,

c) the risk profile of the fund and the measures taken to manage the risks to which the fund may be exposed depending on the chosen investment strategy, and

d) the results of the stress tests he carried out.

(2) The manager of an investment fund or a foreign investment fund shall notify the Czech National Bank of data on

a) the most important and significant

1. markets on which trading is carried out on behalf of all investment funds managed by it and foreign investment funds,
2. investment instruments with which it trades on behalf of investment funds managed by it and foreign investment funds, and
3. exposures for each investment fund and foreign investment fund managed by them a

b) investment funds and foreign investment funds that it manages.

Article 110 of Commission Delegated Regulation (EU) No. 231/2013 defines further obligations under subsections 1 and 2.

Section 464

Data on the use of leverage

(1) If the manager of an investment fund or foreign investment fund uses the leverage effect in such a way that the degree of use of the leverage effect in relation to the investment fund or foreign investment fund is high, he shall notify the Czech National Bank of the data on

a) the level of exposures, with a distinction between exposures arising from the acceptance of a loan or loan of funds or investment instruments or investing in investment securities or money market instruments containing a derivative,

b) the degree of leverage in relation to each such fund,

c) the total scope of use of the fund's assets when leveraging a

d) the five most significant exposures with a distinction according to letter a).

Article 111 of Commission Delegated Regulation (EU) No. 231/2013 defines when the degree of leverage is high.

Section 465

Failure to reach the fund capital of the investment fund

If the fund capital of the investment fund does not reach at least the amount specified by law within the specified periods, its administrator will notify the Czech National Bank.

Section 466

More information

(1) The manager of an investment fund or a foreign investment fund shall notify the Czech National Bank of data on

- a) the financial situation of this fund,
- b) the management results of this fund a
- c) the number and volume of issued and redeemed securities or book-entry securities and other collection, payment or distribution of the assets of this fund or its part.

(2) The manager of an investment fund or a foreign investment fund and the administrator of an investment fund or a foreign investment fund shall notify the Czech National Bank of data on

- a) your financial situation,
- b) the results of its management a
- c) fulfillment of legal conditions for the performance of one's activity.

(3) The manager of an investment fund or a foreign investment fund shall notify the Czech National Bank that

- a) established a legal entity as the sole founder,
- b) established a branch of his business plant,
- c) acquired a qualified participation in a legal entity, or
- d) occurred
 - 1. to dissolve the legal entity of which he is the sole partner,
 - 2. to cancel a branch of its business plant, or
 - 3. to dispose of a qualified participation in a legal entity.

(4) The manager of an investment fund or a foreign investment fund and the administrator of an investment fund or a foreign investment fund shall notify the Czech National Bank of the list of persons who had qualified participation in it in the past year or who were closely connected with it.

Section 467

Notification of changes

(1) Whoever has a license of the Czech National Bank to operate pursuant to Section 479, 480, 481 or Section 482 shall notify the Czech National Bank of any change in the facts on the basis of which he was granted such a license to operate, if this cannot be ascertained from the register pursuant to of the law governing basic registers. A foreign person with a permit pursuant to Section 4 81 shall notify the Czech National Bank without undue delay that he has been granted a comparable permit by the supervisory authority of another member state.

(2) The manager of an investment fund or a foreign investment fund shall notify the Czech National Bank of any changes that may significantly worsen its economic situation or the economic situation of the investment fund or the foreign investment fund it manages. The administrator of an investment fund or a foreign investment fund has the same obligation, if it is a change that can significantly worsen its economic situation.

(3) The administrator of an investment fund or a foreign investment fund shall notify the Czech National Bank of any change that may significantly affect the value of a share certificate, investment share or other share in an investment fund or foreign investment fund whose current value is calculated.

(4) If a registered fact changes, the registered person or the person required by law to do so shall notify the Czech National Bank of the change and the latter shall enter this change in the lists pursuant to Sections 596 and 597, if this cannot be ascertained from the register pursuant to the law regulating basic registers.

(5) The manager of an investment fund or a foreign investment fund shall notify the Czech National Bank of a change in the person of the administrator.

(6) The manager of a mutual fund shall notify the Czech National Bank of the dissolution of the mutual fund with liquidation without undue delay. The Czech National Bank shall enter this fact in the list pursuant to Section 597 letter b).

Section 468

Derivatives data

The manager of the investment fund or foreign investment fund shall notify the Czech National Bank of the data on

- a) types of derivatives that he negotiated on behalf of this fund,
- b) risks related to the derivatives referred to in letter a) and the measures it applies for their management, and
- c) investment limits in relation to the derivatives mentioned in letter a), which it complies with.

Section 469

Data on the committee of experts and real estate and holdings in real estate companies

The manager of the investment fund or foreign investment fund shall notify the Czech National Bank of the data on

- a) committee of experts and

b) real estate and participations in real estate companies in which this fund invests.

Section 470

Feeder and Master fund

(1) The administrator of a feeder fund whose master fund is a foreign investment fund comparable to a collective investment fund shall provide the Czech National Bank with a document comparable to the statute of this master fund and shall notify it of any changes to it.

(2) The administrator of a feeder fund, whose master fund is a foreign investment fund comparable to a collective investment fund, shall provide the Czech National Bank with key information of this fund and notify it of any changes to it.

(3) The administrator of the master fund shall notify the Czech National Bank of the data necessary to identify each of its feeder funds that have started investing in securities or book-entry securities issued by this master fund, and shall notify it of any changes to this data.

Notification of voting interests

Section 471

(1) In the case of shares in voting rights relating to the property of an investment fund or foreign investment fund managed by him, the manager authorized to exceed the decisive limit shall notify the Czech National Bank of the share in all voting rights of the legal entity referred to in Section 34, subsection 1, if this share reaches or exceeds 10%, 20%, 30%, 50% or 75%, or if it falls below these limits.

(2) The manager referred to in Section 34 subsection 1 shall notify the Czech National Bank of the data referred to in Section 34 subsection 1 and in Section 35 subsection 1 letter a) to e).

(3) The manager referred to in Section 34 subsection 1 or Section 35 subsection 3 shall notify the Czech National Bank of the data referred to in Section 35 subsection 1 letter f) to h).

(4) For the calculation of the share of voting rights according to subsection 1, Section 34 subsection 4 shall be applied mutatis mutandis.

Section 472

(1) According to Section 471, subsection 1, a change in the distribution of voting rights between persons acting in concert is also subject to the notification obligation to the extent that the notification obligation is established.

(2) If an obligation arises for several persons pursuant to Section 471, subsection 1, these persons may fulfill the notification obligation by means of a joint notification.

(3) The notification obligation is fulfilled if the written notification is properly sent.

Data relating to the violation of a legal obligation or its possible violation

Section 473

The manager of an investment fund or a foreign investment fund and the administrator of an investment fund or a foreign investment fund shall notify the Czech National Bank of the legally

imposed corrective measures or fines by the supervisory authority of another state, indicating the reason for the imposition of these corrective measures or fines.

Section 474

(1) If the depository of an investment fund, on the basis of discussion pursuant to Section 66, or without this discussion, comes to the opinion that the manager of this fund has violated this law, the legal regulation implementing it, the directly applicable regulation of the European Union in the area of investment fund management ²⁾, the statute of the investment fund or the depository agreement, shall notify the Czech National Bank of this fact if there is a risk of default.

(2) The depository of the investment fund shall notify the Czech National Bank of any fact that it discovers during the performance of its activities, which may significantly affect the value of securities or book-entry securities issued by this fund or shares in this fund, or which may lead to a substantial deterioration in the management of this fund.

Section 475

(1) The manager of an investment fund or a foreign investment fund shall notify the Czech National Bank that an obstacle prevents him from fulfilling an obligation arising from the statute of the investment fund or a comparable document of the foreign investment fund or stipulated by this Act, on the basis of this Act or directly applicable regulations of the European Union in areas of investment fund management ²⁾.

(2) The administrator of an investment fund or a foreign investment fund shall notify the Czech National Bank that an obstacle prevents him from fulfilling an obligation arising from the statute of the investment fund or a comparable document of the foreign investment fund or stipulated by this Act, on the basis of this Act or directly applicable regulations of the European Union in the area management of investment funds ²⁾.

Section 476

Notification obligation of a person with the prior consent of the Czech National Bank to perform the function

A person referred to in Section 515 who has obtained the prior consent of the Czech National Bank to perform his function under this Act shall notify the Czech National Bank of any change in the conditions referred to in Section 516 or the termination of his function.

Section 477

Extended scope

(1) The provisions of Section 462, Section 463 subsection 2 letter a) points 2 and 3 and Section 475 shall be applied proportionately to the person referred to in Section 15 subsection 1.

(2) The information referred to in Sections 458, 462, Section 463 subsection 1, Section 464 subsection 1, Section 466 subsection 1, Section 467 subsections 2 and 3 and Section 468 shall be notified to the Czech National Bank also in relation to each sub-fund.

Section 478

Enabling Clause

The Czech National Bank shall determine by decree the scope, structure, form, method and

deadlines for reporting data and providing documents pursuant to Sections 455 to 477 and Section 545, subsection 3, to the extent necessary for the exercise of supervision over the capital market and to the extent not directly regulated the applicable regulation of the European Union, implementing the directive of the European Parliament and the Council regulating managers of alternative investment funds ⁶⁾.

PART THIRTEEN

PROCEDURES ON APPLICATIONS

TITLE I

LICENSE TO MANAGEMENT AND ADMINISTRATION

Chapter 1

Prerequisites for granting a permit

Section 479

Investment company

(1) The Czech National Bank shall grant a permit for the activity of an investment company at the request of a joint-stock company or at the request of the founder or founders of a joint-stock company before the date of its entry in the commercial register, if

a) the seat and actual seat is or should be in the Czech Republic,

b) the company is trustworthy,

c) there are no reasonable fears that the company will not have the material, organizational and personnel prerequisites for the performance of such activity, to the extent in which it applies for an activity permit, on the date of commencement of activity, enabling the fulfillment of the business activity plan, and above all it is clear how it will be operative management is ensured, investment strategy is fulfilled, compliance and internal audit are ensured, risks are managed, financial control is carried out and cash flows are managed, the remuneration system is adjusted and procedures are set for authorizing third parties to perform certain activities, which include the management or administration of the investment fund, and for control of the activities of authorized persons,

d) its business plan

1. defines and covers the planned scope of activity,
2. is supported by real economic calculations and
3. defines the activities, the performance of which he intends to entrust to another,

e) the orderly and prudent performance of the company's activities will be managed by at least 2 persons who meet the prerequisites for the approval of managers set out in Section 516 subsection 1,

f) the company's initial capital of the minimum amount referred to in Section 29 is of transparent and harmless origin, it is placed in accordance with the rules for the placement of capital referred to in Section 32 and the company has or will have, at the latest on the date of commencement of business, capital of an amount referred to in Sections 30 and 31 which allows for the proper management of investment funds or foreign investment funds, and that capital is of transparent and harmless origin,

g) a close connection with another person does not prevent the supervision of the company; in the case of a close connection with a person who has a seat or actual seat in a state that is not a member state, the law of that state and the way it is applied, including its enforceability, must not prevent the supervision

of the investment company,

h) in the case of funds or corporations that it manages or intends to manage, there are no reasonable concerns that it will not make available to investors the data referred to in Section 241, subsection 1 or Section 293,

i) qualified participation in the company will only be held by persons who meet the requirements set out in Section 522 subsection 2,

j) certifies the fulfillment of the prerequisites according to Section 507 subsection 1, if he intends to carry out any of the activities according to Section 11 subsection 1 letter c) to f),

k) meets the requirements according to Article 14, subsection 2 of Regulation (EU) No. 345/2013 of the European Parliament and Council, as amended, if it intends to manage qualified venture capital funds according to Article 3 letter b) of this regulation or comparable foreign investment funds, and

l) meets the requirements according to Article 15, subsection 2 of Regulation (EU) No. 346/2013 of the European Parliament and of the Council, as amended, if he intends to manage qualified social business funds according to Article 3 letter b) of this regulation or comparable foreign investment funds.

(2) The Czech National Bank shall grant a permit for the activity of an investment company if it intends to manage only qualified venture capital funds pursuant to Article 3 letter b) Regulation of the European Parliament and Council (EU) No. 345/2013, as amended, qualified social business funds according to Article 3 letter b) Regulation (EU) No. 346/2013 of the European Parliament and of the Council, as amended, or comparable foreign investment funds, also at the request of a joint-stock company or at the request of the founder or founders of a joint-stock company before the date of its registration in the commercial register, if its registered office and the real seat is or should be in the Czech Republic, and

a) if the prerequisites are met according to Article 14 subsection 2 of Regulation (EU) No. 345/2013 of the European Parliament and of the Council, as amended, if he intends to manage qualified venture capital funds according to Article 3 letter b) of this regulation or comparable foreign investment funds, or

b) if the prerequisites according to Article 15 subsection 2 of Regulation (EU) No. 346/2013 of the European Parliament and of the Council, as amended, are met, if he intends to manage qualified funds of social entrepreneurship according to Article 3 pist sm. b) of this regulation or comparable foreign investment funds.

Section 480

Self-managed investment fund

(1) The Czech National Bank shall grant permission for the activity of a self-managed investment fund at the request of the founder or founders of a legal entity before the date of its registration in the commercial register or at the request of the investment fund referred to in Section 9 subsection 1, if

a) certifies that the legal entity has been established and that it has the legal form permitted by this Act,

b) the prerequisites set out in Section 479 subsection 1 are met,

c) submit a proposal for an administration contract if the administration is to be performed by another person,

- d) the person who will be the depository confirms the creation of prerequisites for the fulfillment of the obligations of the depository resulting from this Act,
- e) submits the statute of the investment fund, which has all the prescribed requirements arising from this Act,
- f) the prerequisites listed in Section 248 subsection 1 are met, if it is to be a subordinate investment fund, or
- g) the prerequisites according to Articles 5 and 6 of Regulation (EU) 2015/760 of the European Parliament and of the Council, as amended, are met if it is to be a European long-term investment fund.

(2) The Czech National Bank shall grant permission for the activity of a self-managed investment fund pursuant to subsection 1 also at the request of a legal entity entered in the list maintained by the Czech National Bank pursuant to Section 596 letter e) if it is to be a fund of qualified investors.

(3) The Czech National Bank shall grant a permit for the activity of a self-managed investment fund if it is to be a qualified venture capital fund pursuant to Article 3 letter b) Regulation of the European Parliament and Council (EU) No. 345/2013, as amended, or by a qualified social business fund pursuant to Article 3 letter b) Regulation of the European Parliament and Council (EU) No. 346/2013, as amended, also at the request of the founder or founders of a legal entity before the date of its registration in the commercial register or at the request of an investment fund referred to in Section 9 subsection 1 or at the request legal entities registered in the list maintained by the Czech National Bank pursuant to Section 596 letter e), if this legal entity meets the prerequisite set out in Section 479 subsection 1 letter a) a

a) if the prerequisites are met according to Article 14, subsection 2 of Regulation (EU) No. 345/2013 of the European Parliament and of the Council, as amended, or

b) if the prerequisites according to Article 15, subsection 2 of Regulation (EU) No. 346/2013 of the European Parliament and of the Council, as amended, are met.

Section 481

Foreign person as manager

(1) The Czech National Bank shall grant an activity permit to a foreign person with its seat in a state that is not a member state, which intends to manage special funds, comparable foreign investment funds, qualified investors' funds or comparable foreign investment funds, or to offer investments in these funds, or perform the administration of these funds, at its request, if

- a) the Czech Republic is its reference state,
- b) meets the requirements set out in Section 479 subsection 1 letter b) to h), whereby share capital means a comparable quantity depending on its legal form,
- c) only persons who are trustworthy and capable of ensuring the proper and prudent performance of the activity of a foreign person are qualified to participate in it,
- d) has permission from the supervisory authority of the home state to manage a foreign investment fund comparable to the investment fund it intends to manage,
- e) activity according to Section 38 from subsection 1 letter d), n) and o) must be performed by a person with a registered office, residence or branch in the territory of the Czech Republic,

f) The Czech National Bank, the supervisory authority of the foreign person's home state and, if applicable, the supervisory authority of the member state that is the home state of the foreign investment fund that the foreign person intends to manage, in accordance with Articles 113 to 115 of the Regulation Commission under delegated authority (EU) No. 231/2013, agreed on the exchange of information necessary for the performance of supervision pursuant to this Act,

g) the state in which the foreign person has its seat or actual seat is not included in the list of non-cooperative countries and territories drawn up by the Financial Action Committee against Money Laundering of the Organization for Economic Cooperation and Development,

h) the state in which the foreign person has its seat and real seat has concluded an agreement with the Czech Republic that is in accordance with the principles set out in Article 26 of the Model Tax Treaty of the Organization for Economic Cooperation and Development on income and property and which ensures the exchange of information in tax matters,

i) the law of the state in which the foreign person has its seat or actual seat, including any restrictions on the powers of the foreign person's supervisory authorities in this state, does not prevent the effective exercise of supervision over this foreign person in accordance with this Act,

j) certifies the fulfillment of the prerequisites according to Section 507 subsection 2, if he intends to carry out any of the activities according to Section 11 subsection 1 letter c) to f),

k) if it comes into consideration, the Czech National Bank has granted it an exemption from the fulfillment of obligations pursuant to Section 492 subsection 1, and

l) submit a justification for why the Czech Republic is a reference state and a strategy for offering investments in investment funds and foreign investment funds that it manages, if this strategy is not part of the plan pursuant to Section 479 subsection 1 letter d).

(2) It is considered that the prerequisites according to subsection 1 letter b) and c) are fulfilled if the applicant has submitted a confirmation from the supervisory authority of his home state that they have been fulfilled and if the Czech National Bank has no reasonable doubts that this confirmation of fulfillment of the prerequisites listed in subsection 1 letter b) and c) certifies.

Section 482

Main administrator

The Czech National Bank will grant a permit for the activities of the main administrator at the request of a business company or at the request of the founder or founders of a business company before the day of its entry in the business register, if

a) the seat and actual seat is or should be in the Czech Republic,

b) the company is trustworthy,

c) there are no reasonable fears that the main administrator will not have, to the extent that he is applying for an activity permit, on the day of the start of the activity, the material, organizational and personnel prerequisites for the performance of the activity enabling the fulfillment of the business activity plan and, above all, it is clear how the operational management, compliance and internal audit are ensured and the activities of persons who intend to be entrusted with the performance of certain activities, which include the administration of an investment fund or a foreign investment fund, are controlled,

d) its business plan

1. defines and covers the planned scope of activity,

2. is based on real economic calculations,
3. defines the activities, the performance of which he intends to entrust to another,

e) the orderly and prudent performance of the company's activities will be managed by at least 2 persons who meet the prerequisites for the approval of managers set out in Section 516 subsection 1,

f) the company's initial capital of the minimum amount referred to in Section 57 is of transparent and harmless origin and the company has or will have, at the latest on the date of commencement of business, capital of an amount referred to in Section 58 which allows for the orderly administration of investment funds or foreign investment funds and that capital is of transparent and harmless origin

g) qualified participation in the company will only be held by persons who meet the prerequisites set out in Section 522 subsection 2 and

h) its further business activity does not or will not prevent the proper execution of the administration.

Chapter 2

Management

Subchapter 1

Legal provisions

Section 483

Deadlines for decisions

(1) The Czech National Bank shall decide on an application for authorization pursuant to Sections 479 to Section 482 within 3 months from the date of submission of the application, if it has the prescribed requirements and does not suffer from other defects; if necessary for the proper assessment of the application, the Czech National Bank shall extend this period by up to 3 months.

(2) If it is an application for a permit pursuant to Section 479 authorizing an investment company to manage standard funds or comparable foreign investment funds, or an application for a permit pursuant to Section 480, if the self-managed investment fund is to be a standard fund, the Czech National Bank shall decide on this application within 6 months from the date of submission of the application, which has the prescribed requirements and does not suffer from other defects.

(3) The Czech National Bank does not have to make a decision on the application referred to in Section 484 earlier than after the expiration of 1 month from the day on which the applicant proves that the prerequisites according to Section 479 subsection 1 letters c) and i), or from the day when the opinion of the European supervisory authority referred to in Section 489 reached the Czech National Bank.

(4) If the Czech National Bank does not issue a decision on the request for permission within the time limit according to subsections 1 to 3, it is possible to demand that the court impose the obligation to issue a decision on the merits, even if the means that the administrative regulations provide for protection have not been exhausted to no avail against the inactivity of the administrative body.

Section 484

Complete applications

(1) It is considered that an application for a permit authorizing an investment company or a self-

managed investment fund to exceed the determined limit has the prescribed requirements or does not suffer from other defects, if it contains data to prove that the prerequisites according to Section 479 subsection 1 letter c) to e) and a); however, if during the application procedure it is not proven that the prerequisites according to Section 479 subsection 1 letter a), b) and j), the Czech National Bank will reject the request.

(2) It is considered that an application for a foreign person's activity permit according to Section 481 has the prescribed requirements or does not suffer from other defects if it contains data to prove the fulfillment of the prerequisites according to Section 479 subsection 1 letter c) to h) and according to Section 481 subsection 1 letter d), i) and k).

Statement of decision

Section 485

(1) In the statement of the decision on the granting of a permit pursuant to Section 479 or 481, the Czech National Bank shall indicate whether the manager is authorized

a) exceed the decisive limit,

b) manage

1. standard funds,
2. foreign investment funds comparable to a standard fund,
3. special funds,
4. foreign investment funds comparable to a special fund,
5. funds of qualified investors, with the exception of qualified venture capital funds according to Article 3 letter b) Regulation of the European Parliament and Council (EU) No. 345/2013, as amended, and qualified social business funds according to Article 3 letter b) Regulation (EU) No. 346/2013 of the European Parliament and of the Council, as amended,
6. foreign investment funds comparable to a fund of qualified investors, with the exception of foreign investment funds comparable to a qualified venture capital fund pursuant to Article 3 letter b) Regulation of the European Parliament and Council (EU) No. 345/2013, as amended, and foreign investment funds comparable to a qualified social business fund pursuant to Article 3 letter b) Regulation (EU) No. 346/2013 of the European Parliament and of the Council, as amended,
7. qualified venture capital funds according to Article 3 letter m. b) of Regulation (EU) No. 345/2013 of the European Parliament and of the Council, as amended,
8. foreign investment funds comparable to a qualified venture capital fund according to Article 3 letter b) Regulation (EU) No. 345/2013 of the European Parliament and of the Council, as amended,
9. qualified funds of social entrepreneurship according to Article 3 letter b) Regulation (EU) No. 346/2013 of the European Parliament and of the Council, as amended, or
10. foreign investment funds comparable to a qualified social enterprise fund according to Article 3 letter b) Regulation (EU) No. 346/2013 of the European Parliament and of the Council, as amended,

c) perform administration

1. standard funds,
2. foreign investment funds comparable to a standard fund,
3. special funds,
4. foreign investment funds comparable to a special fund,
5. funds of qualified investors, with the exception of qualified venture capital funds according to Article 3 letter b) Regulation of the European Parliament and Council (EU) No. 345/2013, as amended, and qualified social business funds according to Article 3 letter b) Regulation of the European Parliament and the Council (EU) No. 346/2013, as amended,

6. foreign investment funds comparable to a fund of qualified investors, with the exception of foreign investment funds comparable to a qualified venture capital fund pursuant to Article 3 letter b) of the directly applicable regulation of the European Union regulating European venture capital funds⁷⁾ and foreign investment funds comparable to a qualified social entrepreneurship fund according to Article 3 letter b) Regulation of the European Parliament and the Council (EU) No. 346/2013, as amended,

7. qualified venture capital funds according to Article 3 letter b) Regulation (EU) No. 345/2013 of the European Parliament and of the Council, as amended,

8. foreign investment funds comparable to a qualified venture capital fund according to Article 3 letter b) Regulation (EU) No. 345/2013 of the European Parliament and of the Council, as amended,

9. qualified funds of social entrepreneurship according to Article 3 letter b) Regulation (EU) No. 346/2013 of the European Parliament and of the Council, as amended, or

10. foreign investment funds comparable to a qualified social enterprise fund according to Article 3 letter b) Regulation (EU) No. 346/2013 of the European Parliament and of the Council, as amended and

d) perform the activities listed in Section 11 subsection 1 letter c) to f), if he requests permission to perform them.

(2) The Czech National Bank may limit the scope of the permitted activity in the statement of the decision on the granting of a permit pursuant to Section 479 or 481, especially if it concerns the scope of the investment strategy of investment funds or foreign investment funds intended by an investment company pursuant to Section 479 or a foreign person with a permit according to Section 481 to manage.

Section 486

(1) In the statement of the decision on the granting of permission pursuant to Section 480, the Czech National Bank shall indicate whether the self-managed investment fund is

a) authorized to exceed the decisive limit,

b) a standard fund, a special fund, a fund of qualified investors, a European long-term investment fund, a qualified venture capital fund pursuant to Article 3 letter b) Regulation of the European Parliament and of the Council (EU) No. 345/2013, as amended, or by a qualified social business fund according to Article 3 p.s. b) Regulation (EU) No. 346/2013 of the European Parliament and of the Council, as amended, and

c) authorized to carry out its own administration.

(2) The Czech National Bank shall simultaneously decide on the approval of the depository and the statute, if the self-managed investment fund is to be a standard fund, together with the decision on the granting of permission pursuant to Section 480.

Section 487

In the statement of the decision on the granting of authorization pursuant to Section 482, the Czech National Bank shall indicate whether the main administrator is authorized to carry out the administration of

a) special funds and foreign investment funds comparable to a special fund, or

b) funds of qualified investors and foreign investment funds comparable to a qualified investor fund.

Section 488

(1) The Czech National Bank, together with the decision granting the authorization for the activity of the investment company, self-managed investment fund and main administrator, shall decide on the granting of consent to the performance of the function of a leading person or a person pursuant to Section 21, subsection 5, if the prerequisites are met stipulated in Section 516 subsection 1.

(2) At the same time as the decision granting a permit for the activity of a foreign person pursuant to Section 481, the Czech National Bank shall decide on the granting of consent to the performance of the function of a manager or managers, if the prerequisites set out in Section 516, subsection 1, are met.

Section 489

Consultation of a foreign supervisory authority

The Czech National Bank shall request the opinion of the supervisory authority of another member state before granting authorization pursuant to Section 479, 480 or Section 481, if the applicant for authorization is controlled

- a) a business manager with its registered office in another Member State, if it has a permit granted by the supervisory authority of another Member State,
- b) by a foreign person, if he has a permit to provide investment services granted by the supervisory authority of another member state,
- c) by a foreign bank, if it has a permit granted by the supervisory authority of another member state, or
- d) a foreign insurance company or a foreign reinsurance company, if it has a permit granted by the supervisory authority of another member state, or
- e) by the same person who controls the persons mentioned in letters a) to d).

Subchapter 2

Special provisions on the assessment of the application in the case of a foreign person

Section 490

Further interruption of the deadline for a decision on the matter

period established in Section 483, subsection 1, also does not run from the day the Czech National Bank sent the European supervisory authority a notification that a) it is the reference state of the foreign person who applied for authorization under Section 481, until the day when the opinion of the European authority this request was received by the Czech National Bank, or b) intends to allow a foreign person who applied for a permit pursuant to Section 481 to be exempted from the obligation due to incompatibility pursuant to Section 492 until the day when the opinion of the European Supervisory Authority regarding this request was received by the Czech National Bank bank.

Section 491

If the Czech National Bank decides to grant an activity permit to a foreign person in accordance with Section 481 in conflict with the opinion of the European supervisory authority, it shall justify this discrepancy in the decision and inform the European supervisory authority and the supervisory authority of another member state in which this person intends to conduct business a foreign investment fund that

is not comparable to a standard fund or in which it intends to offer investments in investment funds that are not a standard fund or a comparable foreign investment fund.

Section 492

Authorization of exemption from the fulfillment of obligations for a foreign person

(1) The Czech National Bank shall grant an exemption from the fulfillment of the obligations arising from this Act to a foreign person who applies for a permit pursuant to Section 481, if the foreign person provides evidence to the Czech National Bank that a) this Act or the legal regulation implementing it imposes on him an obligation incompatible with the imposed on it by the law of a foreign state and b) according to the law of the state in which it has its registered office or which is the home state of a foreign investment fund in which it offers investments in a member state, it complies with the obligation for which the purpose of its fulfillment and the degree of protection that its fulfillment affords to investors, correspond to the purpose of performance and the level of protection that investors receive by complying with the obligation from which it is to be exempted.

(2) The Czech National Bank informs the European supervisory authority without undue delay that a foreign person has submitted an application for permission for an exception pursuant to subsection 1.

(3) The information pursuant to subsection 2 includes the data received by the Czech National Bank in connection with the request for exemption pursuant to subsection 1.

(4) If the Czech National Bank decides to grant an exception pursuant to subsection 1 in conflict with the opinion of the European supervisory authority, it shall justify this discrepancy in the decision and inform this European supervisory authority and the supervisory authority of another member state in which the foreign person intends to offer investments in an investment fund that is not a standard fund or in a comparable foreign investment fund.

Subchapter 3

Determination of the reference state

Section 493

The Czech Republic as a reference state

(1) The Czech Republic is the reference state of a foreign person with its seat in a state that is not a member state, if the manager intends to manage or manages an investment fund that is not a standard fund, or a comparable foreign investment fund, or if he intends to offer or offers if investments in this fund in a member state.

(2) The Czech Republic is the reference state of the foreign axis referred to in subsection 1, if

a) the number of investment funds managed by it, which are not standard funds, exceeds the number of comparable foreign investment funds that it intends to manage or is managing in another Member State and at the same time it does not intend to offer or does not offer investments in these funds in another Member State,

b) the sum of the asset values of the investment funds it manages, which are not a standard fund, exceeds the sum of the asset values of comparable foreign investment funds that it intends to manage or manages in another Member State and at the same time does not intend to offer or does not offer investments in these funds in another Member State,

- c) this person intends to offer or offers investments in an investment fund that is not a standard fund, or in a comparable foreign investment fund, only in the Czech Republic,
- d) this person intends to offer or offers investments in the Member States in only one investment fund that is not a standard fund, and if he does not intend to offer or does not offer investments in foreign investment funds in the Member States,
- e) this person intends to offer or offers investments in the member states only in one foreign investment fund, which is not comparable to a standard fund, and offers these investments in the Czech Republic as well,
- f) this person intends to offer or offers in the Member States only investments in investment funds that are not a standard fund, and if he does not intend to offer or does not offer investments in foreign investment funds in the Member States,
- g) the number of investment funds that are not a standard fund and comparable foreign investment funds in which investments are to be or are offered in the Czech Republic exceeds the number of such funds in which investments are to be or are offered in another Member State,
- h) in the case referred to in Section 494, this person has requested the Czech National Bank to grant permission pursuant to Section 481, if he has not submitted a comparable request to the supervisory authority of another member state referred to in Section 494, subsection 1, and
 1. the Czech National Bank or the supervisory authority of another member state has not decided on its request pursuant to Section 494 subsection 1 or a request comparable to the request pursuant to Section 494 subsection 1 within 1 month from the date on which this request was delivered to the last of the supervisory authorities concerned, or
 2. the Czech National Bank or the supervisory authority of another member state did not inform it of its decision on its application pursuant to Section 494 subsection 1 or a request comparable to the request pursuant to Section 494 subsection 1 within 7 days of its receipt, or
- i) within 2 years from the date of granting a permit under Section 481 or an earlier permit under the law of another member state, there has been no such change in the strategy for offering investments in investment funds or foreign investment funds that would lead to the designation of another member state as a reference state.

Section 494

A plurality of reference states

- (1) If it follows from the law of another member state that this state is the reference state of a foreign person whose reference state is also the Czech Republic, this person shall request the Czech National Bank to determine whether the Czech Republic is its only reference state.
- (2) The Czech National Bank shall decide on the request pursuant to subsection 1 in accordance with the agreement with the supervisory authorities of other member states concerned pursuant to subsection 1 no later than 1 month from the date on which the request comparable to the request pursuant to subsection 1 was delivered to the last of the supervisory authorities concerned.
- (3) If the Czech Republic is the reference state of a foreign person according to an agreement with the relevant supervisory authorities of other member states, the Czech National Bank shall notify the foreign person of this fact without undue delay.
- (4) The procedure for determining the reference state, if it follows from the law of another member state that the reference state of a foreign person is more than one member state, is defined in Article 1 of Commission Implementing Regulation (EU) No. 448/2013.

Section 495

Decision-making by the Czech National Bank

(1) The Czech National Bank informs the European supervisory authority without undue delay that it can reasonably be assumed that the Czech Republic is to be the reference state of the foreign person who has applied for permission pursuant to Section 481, and requests its opinion on this.

(2) Part of the information pursuant to subsection 1 is the justification why it can be reasonably assumed that the Czech Republic is to be the reference state of the foreign person, and information on the strategy for offering investments in investment funds or foreign investment funds that the Czech National Bank received as part of the application for permission according to Section 481.

Section 496

Change in the determination of the reference state

(1) If, within 2 years from the date of granting a permit to a foreign person with a permit pursuant to Section 481, there is such a change in the strategy for offering investments in investment funds and foreign investment funds that it manages, which would affect the determination of the reference state, the foreign person informs the Czech National Bank of this and at the same time requests permission from the supervisory authority of another member state that he has designated as his reference state.

(2) In the notification pursuant to subsection 1, a foreign person with a permit pursuant to Section 481 shall state

- a) facts justifying the change of reference state,
- b) a member state which, according to the law of this state, will be its reference state, and
- c) data necessary to identify the person who performs the function of administrator in this Member State.

(3) To the notification pursuant to subsection 1, a foreign person with a permit pursuant to Section 481 shall attach a description of the strategies for offering investments in investment funds and foreign investment funds that it manages.

Section 497

(1) In the event of a change in the determination of the reference state, the Czech National Bank shall, on the basis of a notification pursuant to Section 496 subsection 1 determination of the Member State that is to be the reference state, and shall notify its conclusion without undue delay to the European Supervisory Authority and request its opinion.

(2) Information received by the Czech National Bank pursuant to Section 496, subsections 2 and 3 is part of the notification pursuant to subsection 1.

(3) As soon as the Czech National Bank receives the opinion of the European supervisory authority, which it requested pursuant to subsection 1, it shall decide whether the change of the reference state is justified. The Czech National Bank informs the foreign person authorized under Section 481, the main administrator and the European supervisory authority about this decision.

(4) If the Czech National Bank made a decision in accordance with subsection 3 in contradiction with the opinion of the European supervisory authority, it shall justify this discrepancy in the decision

and inform the European supervisory authority and the supervisory authority of the new reference state.

(5) If the Czech National Bank decides that a change of reference state is justified, it shall inform the supervisory authority of the new reference state and without undue delay provide it with a copy of the documents related to the granting of a permit to a foreign person pursuant to Section 481 and the exercise of supervision over this person.

Section 498

New determination of reference state

If, within 2 years from the date of granting a permit to a foreign person with a permit pursuant to Section 481, the actual development of his activity indicates that the Czech Republic should not have been the reference state, the Czech National Bank shall decide that this foreign person shall re-determine the reference state within the specified period, announcing this the Czech National Bank and at the same time applied for permission from the supervisory authority of another member state, which it designated as its reference state; at the same time, he will inform her about the possibility of withdrawing the permit according to Section 551, subsection 4. For the case according to the first sentence, Sections 496 and 497 apply *mutatis mutandis*.

Section 499

Voluntary new determination of reference state

If, after 2 years from the date of granting a permit to a foreign person with a permit pursuant to Section 481, there is such a change in the strategy for offering investments in investment funds or foreign investment funds that would affect the determination of the reference state, the foreign person with a permit pursuant to Section 481 may notify the Czech National Bank and at the same time request permission from the supervisory authority of another member state, which will be its reference state according to the law of that state. For the case according to the first sentence, Sections 496 and 497 apply *mutatis mutandis*.

TITLE II

CHANGE OF PERMISSIONS

Section 500

(1) If the holder of any of the permits pursuant to Sections 479 to 482 requests a permit change, the Czech National Bank shall issue a new permit and cancel the existing permit. The provisions of Sections 485 to 488 shall apply *mutatis mutandis*.

(2) The procedure according to subsection 1 is also used for an additional permit according to Section 507.

TITLE III

CHANGE IN SUBSTANTIAL FACTS RELEVANT TO THE GRANT OF AUTHORIZATION

Section 501

(1) The Czech National Bank shall initiate proceedings for a change pursuant to Section 467, subsection 1, or a change in facts relevant to the granting of a permit, which it has ascertained from the register in accordance with the act governing basic registers, if it is an investment company authorized to exceed the relevant limit pursuant to Section 479, a self-managed investment fund according to

Section 480 authorizing to exceed the determined limit or a foreign person with a permit according to Section 481, if he does not agree to the implementation of the change in the notified form.

(2) If the Czech National Bank initiates proceedings on a change pursuant to subsection 1, it shall decide on it within 1 month from the day on which it received the notification pursuant to subsection 1; if it is necessary from the point of view of proper assessment of the matter, this period is extended by 1 month.

(3) The Czech National Bank shall decide on the change by prohibiting the proposed change or determining the conditions under which the proposed change can be implemented. If the Czech National Bank does not issue a decision within the period referred to in subsection 2, the change can be made.

Section 502

A change in the facts on the basis of which a permit was granted to an investment company pursuant to Section 479 authorized to exceed the decisive limit, to a self-managed investment fund authorized to exceed the decisive limit pursuant to Section 480, and to a foreign person with a permit pursuant to Section 481 can also be made if the Czech National Bank does not initiate proceedings pursuant to Section 501 subsection 1 within 1 month from the day when the notification of the change came to her.

TITLE IV

LISTING WITHOUT REVIEW

Section 503

(1) The Czech National Bank shall make an entry in the list pursuant to Section 596 or 597 within 5 working days from the day on which it received the request for entry in the list, unless this Act provides otherwise.

(2) An application for registration in the list according to Section 597 may be submitted only by a manager who has a permit authorizing him to manage, an investment fund or a foreign investment fund, whose registration in this list is requested.

(3) The Czech National Bank does not examine the application according to subsection 1 in terms of the truth or accuracy of the information contained in it, nor does it examine the fulfillment of the prerequisites for entry into this list.

Section 504

(1) The person to whom the Czech National Bank grants a permit to operate or consent pursuant to this Act shall be entered by the Czech National Bank in the lists pursuant to Section 596 or 597 on the date of acquisition of legal force of the decision by which it granted a permit to operate or consent pursuant to this Act; in such a case, the application for inclusion in the list is not submitted.

(2) The Czech National Bank shall also make an entry in the list pursuant to Section 596 letter b) or d) and Section 597 letter d) on the basis of a notification by a foreign supervisory authority of another member state about the intention to offer investments or provide services in the Czech Republic pursuant to part nine or ten of this Act. In such a case, the application for inclusion in the list is not submitted.

Section 505

The provisions of Section 503, subsections 1 and 3 shall not be applied to the application

procedure under Sections 479, 480, 481, 482, 510, 511, 512a and 519.

CHAPTER V

DELETION FROM LISTS

Section 506

(1) The Czech National Bank shall decide on deletion from the list maintained pursuant to this Act in the event

- a) an investment company, if its license to operate as an investment company has been revoked,
- b) a manager based in a foreign country, if his authorization to manage an investment fund has expired,
- c) the main administrator, if his permission to act as the main administrator was revoked,
- d) an administrator based in a foreign country, if he has lost the authority to administer the investment fund,
- e) depository of the investment fund, if
 1. does not act as an investment fund depository for more than 24 months,
 2. if he does not have the prerequisites for fulfilling the obligations of the depository of the investment fund, or
 3. applied for it and at the time of submitting the application is not performing the activities of depository of the investment fund,
- f) persons listed in Section 15 subsection 1, if they have ceased to be a person according to Section 15 subsection 1, who is required to be entered in the list,
- g) a person who can be appointed liquidator of an investment company, collective investment fund with legal personality and main administrator or forced administrator of an investment company and collective investment fund with legal personality, if
 1. resigned from the position of liquidator or forced administrator without serious reasons,
 2. has seriously or repeatedly violated its obligation arising from the function of liquidator or forced administrator,
 3. does not meet the statutory prerequisites for registration in the relevant list, or
 4. has applied for it and is not acting as a liquidator or receiver at the time of the application.

(2) Czech National Bank shall decide on the erasure pursuant to subsection 1

- a) on the date of acquisition of legal force of the decision to revoke the license for the activity of this person,
- b) on a later date specified in the decision to revoke the license for this person's activity, or
- c) on another day, for example on the day proposed by the person who requested the erasure.

Section 506a

(1) The Czech National Bank shall also decide on deletion from the list maintained pursuant to this Act in the case of an investment fund or a foreign investment fund, if

- a) it has been requested by the manager or administrator of this fund, or by the liquidator if it is an investment fund with legal personality,

- b) does not carry out its activity for more than 6 months,
- c) a proposal for registration in the commercial register was not submitted within 90 days from the day it was entered in this list, or if this proposal was not granted,
- d) it became clear that the entry in the list was made on the basis of false or incomplete data,
- e) does not meet the conditions arising from this Act,
- f) his license to operate a self-managed investment fund was revoked, and this fund is not to become an investment fund referred to in Section 9,
- g) there has been a transformation of the self-managed investment fund according to Section 363,
- h) it became clear that the investment fund referred to in Section 9
 - 1. does not have an individual statutory body and
 - 2. its manager has not been authorized to manage this investment fund for more than 6 months,
- i) ceased to exist,
- j) does not have a depository for more than 3 months, or
- k) for other reasons arising from this Act.

(2) The Czech National Bank shall decide on the deletion pursuant to subsection 1

- a) on the date of the liquidation of the investment fund with legal personality, relocation of the registered office abroad or on the date of change in the subject of business of the investment fund with legal personality,
- b) on the date of conversion of the mutual fund to a foreign investment fund or on the date of distribution of the liquidation balance,
- c) on the date of termination of the trust fund management, conversion of the trust fund into a foreign investment fund or on the date from which the trustee requested the end of the trust fund management,
- d) on the date of the change in the legal form of the investment fund, as a result of which it is simultaneously entered in another list pursuant to Section 597 letter a) to c), or
- e) on another day, for example on the day proposed by the person who requested the erasure.

Section 506b

(1) The Czech National Bank shall decide on deletion from the list maintained in accordance with this Act, if it has been proven facts that justify the deletion.

(2) In cases of erasure pursuant to Section 506 subsection 1 letter a) to d) and f) and Section 506a subsection 1 letter a), c), f), g) and a) the decision is not made in writing.

(3) If the Czech National Bank approves the application of the manager pursuant to Section 506a subsection 1 letter a) in the full extent, no appeal shall be admissible against this decision. The Czech National Bank shall immediately inform the applicant of the deletion by electronic communication.

TITLE VI

ADDITIONAL AUTHORIZATION FOR PERFORMING ACTIVITIES CORRESPONDING TO INVESTMENT SERVICES

Section 507

(1) The Czech National Bank shall grant an investment company a permit to perform the activities listed in Section 11 subsection 1 letter c) to f), if it certifies the fulfillment of the same prerequisites as a stockbroker when providing investment services for the management of the customer's assets, in relation to the nature, scope and complexity of these activities.

(2) The Czech National Bank shall grant a foreign person with a permit pursuant to Section 481, which is not comparable to a self-managed investment fund, a permit to perform the activities listed in Section 11 subsection 1 letter c) to f), if it certifies the fulfillment of the prerequisites according to Section 28 of the Act governing business on the capital market when providing investment services for the management of the customer's assets, in relation to the nature, scope and complexity of these activities.

TITLE VII

CONSENT TO PERFORM OTHER BUSINESS ACTIVITIES

Section 508

(1) Authorization to conduct business according to other legal regulations can only be granted to an investment company, the main administrator and a foreign person with a permit according to Section 481, which is not comparable to a self-managed investment fund, with the consent of the Czech National Bank.

(2) The Czech National Bank shall grant consent pursuant to subsection 1, if

a) will not prevent business under other legal regulations

1. to an investment company, the main administrator, or a foreign person with a permit pursuant to Section 481, which is not comparable to a self-managed investment fund, in the proper and prudent performance of activities pursuant to this Act, and
2. the effective supervision of an investment company, the main administrator, or a foreign person with a permit according to Section 481, which is not comparable to a self-managed investment fund, and

b) it is an activity whose performance by an investment company, the main administrator, or a foreign person with a permit pursuant to Section 481, which is not comparable to a self-managed investment fund, is not prohibited by this Act or another legal regulation.

(3) Subsections 1 and 2 do not apply if it concerns business under other legal regulations, for which the Czech National Bank grants authorization.

CHAPTER VIII

QUALIFIED PARTICIPATION OF AN INVESTMENT COMPANY IN ANOTHER LEGAL ENTITY

Section 509

(1) An investment company authorized to manage a collective investment fund must have the

consent of the Czech National Bank to acquire or increase a qualified participation in another legal entity.

(2) The Czech National Bank shall not grant consent pursuant to subsection 1 if

- a) the investment company is to become an unlimited liability partner of a trading company or other legal entity, or
- b) in connection with the proposed acquisition or increase of a qualified participation in another legal entity, reasonable fears arise that this acquisition or increase would be in conflict with the requirement of proper and prudent performance of the activity.

(3) Subsections 1 and 2 shall not apply to participation held in the account of an investment fund or a foreign investment fund managed by that investment company, or participation in an investment fund or a foreign investment fund with legal personality held no longer than 1 year from the date of granting the permit for the operation of this fund or the registration of this fund to the list.

TITLE IX

REGISTRATION OF THE INVESTMENT FUND DEPOSITORY

Section 510

(1) The Czech National Bank shall, upon request, enter a person in the list of depositories of an investment fund if it has the prerequisites to fulfill the obligations of the depository of an investment fund arising from this Act and from the directly applicable regulation of the European Union, which implements the directive of the European Parliament and the Council regulating the coordination of regulations in the area of collective investment in relation to depositories of standard funds ⁸⁾ or of the directly applicable regulation of the European Union implementing the Directive of the European Parliament and the Council regulating managers of alternative investment funds ⁶⁾.

(2) The depository of the investment fund must be entered in the list of depositories of the investment fund.

(3) The Czech National Bank shall decide on the application pursuant to subsection 1 within 3 months from the date of its submission, provided that it has the prescribed requirements and does not suffer from any other defects; if this is necessary for the proper assessment of the application, the Czech National Bank shall extend this period by up to 3 months.

TITLE X

RECORD OF STANDARD FUND AND STANDARD FUND SUBFUND DATA

Section 511

(1) The Czech National Bank shall enter in the list of investment funds pursuant to Section 597 letter a) or b) a collective investment fund as a standard fund at the request of its manager, if

- a) the seat and real seat of this fund is in the Czech Republic, if it is an investment fund with legal personality, or it is created under Czech law, if it is an investment fund without legal personality,
- b) the manager of the investment fund has a permit to manage standard funds or comparable foreign investment funds,
- c) the person who will be the depository of the investment fund has confirmed the creation of

prerequisites for the fulfillment of the depositary's obligations arising from this Act,

d) meets the requirements according to Article 4 of Regulation (EU) 2017/1131 of the European Parliament and of the Council, if it is a registration of a standard fund that is to be a money market fund,

e) the proposed statute of the investment fund enables the offering of investments in this fund in the Czech Republic and has all the prescribed requirements resulting from this Act and the legal regulation implementing it, and

f) the manager of the investment fund certifies the fulfillment of the prerequisites specified in Section 248, subsection 1, if it is a registration of a standard fund, which is to be a feeder fund.

(2) The Czech National Bank shall enter in the list of investment funds pursuant to Section 597 letter a) data on a sub-fund of a standard fund at the request of its manager, if

a) the manager of an investment fund, whose articles of association allow the creation of sub-funds, has

1. the paid-up capital, its initial capital, including the capital, has a transparent and harmless origin and there are no reasonable concerns that the manager does not have own capital in the amount that enables the proper management of this sub-fund,
2. material, organizational and personnel prerequisites for the creation of sub-funds a
3. at least 2 managers who will manage the proper and prudent performance of the manager's activities and at the same time these persons meet the requirements for the approval of managers set out in Section 516 subsection 1,

b) the depositary of an investment fund, whose articles of association allowed the creation of sub-funds, performs activities for this sub-fund and has confirmed the creation of prerequisites for the fulfillment of the depositary's obligations arising from this Act and from the point of view that the investment fund can create sub-funds,

c) the proposed statute of the sub-fund or the statute of the investment fund, the statutes of which allowed the creation of sub-funds, if the statute of the sub-fund is included in the statute of this investment fund, enables the offering of investment shares in this sub-fund in the Czech Republic and has all the prescribed requirements arising from this Act and legal regulations implementing it,

d) the manager of an investment fund, whose statutes allow the creation of sub-funds, certifies the fulfillment of the prerequisites specified in Section 248, subsection 1, if it concerns the entry of data on a sub-fund that is to be a subordinate standard fund, and

e) the manager of the investment fund, whose articles of association allow the creation of sub-funds, certifies the fulfillment of the prerequisites according to Article 4 of Regulation (EU) 2017/1131 of the European Parliament and of the Council, if it concerns the entry of data on the sub-fund, which is to be a money market fund.

Section 512

(1) The Czech National Bank simultaneously with the entry of the collective investment fund as a standard fund in the list according to Section 597 letter a) or b) decides on the approval of the depositary and the statute of this fund.

(2) The Czech National Bank shall register the collective investment fund as a standard fund in the list of investment funds pursuant to Section 597 letter a) or b) and registration of data on a sub-fund of a standard fund within 2 months from the date of submission of the registration application, which has the prescribed requirements and does not suffer from other defects.

TITLE XI

REGISTRATION OF THE EUROPEAN LONG-TERM INVESTMENT FUND AND SUB-FUND DATA OF THE EUROPEAN LONG-TERM INVESTMENT FUND

Section 512a

(1) The Czech National Bank shall enter the European long-term investment fund into the list of investment funds pursuant to Section 597 letter m. a), b) or c) as a fund of qualified investors at the request of its manager, if the prerequisites according to Articles 5 and 6 of the Regulation of the European of the Parliament and of the Council (EU) 2015/760, as amended.

(2) The Czech National Bank shall enter e in the list of investment funds pursuant to Section 597 letter a) or b) data on a sub-fund of a European long-term investment fund at the request of its manager, if the prerequisites according to Articles 5 and 6 of Regulation (EU) 2015/760 of the European Parliament and of the Council, as amended, are met.

Section 512b

(1) The Czech National Bank simultaneously with the registration of the European long-term investment fund in the list of investment funds pursuant to Section 597 letter a), b) or c) decides on the approval of the manager, the depository and the statute of this fund.

(2) The Czech National Bank shall register the European long-term investment fund in the list pursuant to Section 597 letter a), b) or c) and registration of data on its sub-fund of the European long-term investment fund within 2 months from the date of submission of the registration application, which has the prescribed requirements and does not suffer from other defects.

CHAPTER XII

REGISTRATION OF AN INVESTMENT FUND THAT IS NOT A SELF-MANAGED INVESTMENT FUND

Section 513

(1) The Czech National Bank shall enter in the list of investment funds pursuant to Section 597 letter a) a legal entity registered in the commercial register at its request, if

a) its property at the time of application is managed by a person entered in the list kept by the Czech National Bank pursuant to Section 596 letter e),

b) should not be a self-managed investment fund,

c) submit the statute of the investment fund,

d) did not carry out any activity other than activity comparable to the activity of a fund of qualified investors before submitting this application, and

e) proves that it has an individual statutory body, which is or should be a legal entity authorized to manage this investment fund.

(2) If the Czech National Bank grants a legal entity entered in the list maintained by the Czech National Bank pursuant to Section 596 letter e) a license to operate an investment company pursuant to Section 479 or a permit to operate a foreign person pursuant to Section 481, the Czech National Bank shall enter at the same time as the decision to grant a license to a legal entity that is comparable to an investment fund and whose property is managed profitably by this person in a trade or similar manner,

to the list of investment funds according to Section 597 letter a), and trust funds or similar facilities, if they are governed by Czech law, which are comparable to an investment fund, in which they manage property profitably in a trade or similar manner, to the list of investment funds pursuant to Section 597 letter b) or c).

(3) If the Czech National Bank learns in a reliable manner that a legal entity with its registered office in a state that is not a member state, which is entered in the list kept by the Czech National Bank pursuant to Section 596 letter e), the supervisory authority of another member state has granted a permit comparable to the permit pursuant to Section 481, shall enter within 5 working days legal entities that are comparable to an investment fund and whose assets this person manages profitably in a trade or similar manner, in the list of investment funds pursuant to Section 597 letter a), and trust funds or similar facilities, if they are governed by Czech law, which are comparable to an investment fund, in which they manage property profitably in a trade or similar manner, to the list of investment funds pursuant to Section 597 letter b) or c).

Section 514

The Czech National Bank shall, at its request, enter a legal entity in the list of investment funds in accordance with Section 597 letter a) if it meets the requirements set out in Section 513 subsection 1 letter b), c) and e).

CHAPTER XIII

GRANTING CONSENT TO PERFORMING THE FUNCTION OF A MANAGING PERSON

Section 515

The head of an investment company, a self-managed investment fund, a foreign person with a permit pursuant to Section 481 and the main administrator and a person performing a function pursuant to Section 21, subsection 5, as well as a natural person who is authorized by a legal entity that is an individual statutory body of an investment fund, to represent her in the statutory body of this investment fund, if she is not a member of the statutory body or another managing person of this legal entity and does not have the prior consent of the Czech National Bank in accordance with this chapter, she must have the prior consent of the Czech National Bank to perform her function.

Section 516

(1) The Czech National Bank shall grant consent pursuant to Section 515 to a person,

- a) who has reached the age of 18,
- b) who does not have limited autonomy,
- c) for whom a fact has not occurred that is an obstacle to running a business according to the law governing commercial business,
- d) which is trustworthy,
- e) who is professionally qualified, while having sufficient knowledge and experience for the proper performance of this function,
- f) which is suitable from the point of view of the proper and prudent performance of the activities of an investment company, investment fund, a foreign person with a permit according to Section 481 or the main administrator, in which he can perform the function of a leading person,

g) whose professional, entrepreneurial or other similar activity does not prevent him from properly performing his duties, for example, working for a person with a similar business object, and

h) if he is to perform the function of the head of the manager of an investment fund or foreign investment fund or the function of a person according to Section 21, subsection 5, who has sufficient experience in the management of assets on which the investment strategy of the managed investment fund or foreign investment fund is focused.

(2) An investment company, a self-managed investment fund, a foreign person with a permit under Section 481 and the main administrator must have at least 2 managers who meet the requirements under subsection 1.

Section 517

(1) When assessing the facts listed in Section 516 subsection 1 letter e) to h) the Czech National Bank will take into account, in particular, the scope of powers associated with the performance of the function of a leading person, the organizational structure and overall staffing of an investment company, a self-managed investment fund, a foreign person with a permit pursuant to Section 481 or the main administrator.

(2) The fact that the assessed person works as an employee or an elected member of a body for another person within the concern, when assessing the facts listed in Section 516 subsection 1 letter g) does not observe.

Section 518

If the person referred to in Section 515 does not start performing his function within 6 months from the day on which the prior consent was granted to him, or if he does not perform his function continuously for a period longer than 6 months, the prior consent expires.

TITLE XIV

REGISTER OF LIQUIDATOR AND ADMINISTRATOR

Section 519

(1) To the list of persons who may be the liquidator of an investment company, a collective investment fund with legal personality and the main administrator, and to the list of persons who may be a compulsory administrator of an investment company that manages a collective investment fund or a comparable foreign investment fund, and the fund collective investment with legal personality, the Czech National Bank will register a person at his request,

a) who has reached the age of 18,

b) who does not have limited autonomy,

c) for whom a fact has not occurred that is an obstacle to running a business according to the law governing commercial business,

d) which is trustworthy,

e) who is professionally qualified and

f) which has not been deleted from this or a similar list in the last 5 years; this does not apply in the case of deletion at your own request.

(2) The Czech National Bank shall enter a foreign person in the lists pursuant to subsection 1 only on the condition that he has the authorization of the competent authority of another member state to act as a liquidator or receiver.

CHAPTER XV

QUALIFIED PARTICIPATION OF ANOTHER IN INVESTMENT COMPANY, SELF-MANAGED INVESTMENT FUND AND PRINCIPAL ADMINISTRATOR

Section 520

(1) The person or persons acting in concert must notify their intention and have the consent of the Czech National Bank

a) to acquire a qualified participation in an investment company, self-managed investment fund, or main administrator, or

b) to increase the qualified participation in an investment company, a self-managed investment fund, or the main administrator so that it reaches or exceeds 20%, 30% or 50%, or

c) to become the persons controlling the investment company, the self-managed investment fund or the main administrator.

(2) The consent of the Czech National Bank must be obtained by the persons referred to in subsection 1 even if they do not exercise the voting rights associated with the acquired participation in accordance with subsection 1 in the investment company, self-managed investment fund or the main administrator or do not exert a significant influence on their management; failure to exercise voting rights does not result in a change in the share of voting rights of these or other persons, failure to exercise influence does not result in a change in the ability of these or other persons to exercise it in the proceedings.

(3) For the purposes of calculating the participation according to subsection 1, the voting rights listed in Section 34, subsection 4, letter a) to h) of this Act; Section 122, subsections 10 to 15 of the Act Governing Business on the Capital Market shall be applied *mutatis mutandis*.

Section 521

Necessity of consent to the acquisition or increase of a qualified participation or to control

(1) Consent pursuant to Section 520, subsection 1 must be obtained by a person or persons acting in concert before acquiring or increasing a qualified participation in an investment company, a self-managed investment fund, or the main administrator or by controlling them.

(2) A person who, without the prior consent of the Czech National Bank, acquires or increases a qualified participation in an investment company, a self-managed investment fund or the main administrator, or controls them, shall notify the Czech National Bank of this fact without undue delay and request its consent without undue delay according to Section 520 subsection 1.

(3) The acquisition or increase of a qualified participation in an investment company, a self-managed investment fund, or the main administrator or their control without the prior consent of the Czech National Bank does not result in the invalidity of the legal action on the basis of which these changes in participation took place, but the voting rights associated with the thus acquired participation may not be exercised or the acquired influence on their management may not be exercised, until such time as this consent is granted.

Section 522

Assessment of the application

(1) When assessing the application, the Czech National Bank examines only the fulfillment of the prerequisites specified in subsection 2 and does not take into account the economic needs of the market. The Czech National Bank will not grant the request if the conditions specified in subsection 2 are not met or if the information submitted by the applicant is insufficient for the assessment of the request.

(2) The Czech National Bank will grant the request if, in terms of possible influence on the performance of the activities of the investment company, the self-managed investment fund, or the main administrator, the following prerequisites are met:

- a) the persons requesting consent are trustworthy,
- b) persons who, in connection with the acquisition of a qualified participation, are proposed as managers of an investment company, a self-managed investment fund, or the main administrator meet without obvious doubt the prerequisites established by this Act,
- c) the financial health of the applicant and the sufficient volume, transparency of origin and integrity of his financial resources in relation to the performed or planned activities of the investment company, self-managed investment fund, or main administrator,
- d) the investment company, self-managed investment fund, or main administrator will continue to be able to comply with the rules of prudent and proper management and administration of investment funds and foreign investment funds,
- e) the structure of the consolidation unit in which the investment company, self-managed investment fund or the main administrator is to be included,
 - 1. does not prevent effective supervision of the investment company, self-managed investment fund, or main administrator,
 - 2. does not prevent the effective exchange of information between the Czech National Bank and the supervisory authority of another member state, or
 - 3. does not make it difficult for the individual supervisory authorities to perform their duties over this consolidation group and over the persons included in this consolidation group,
- f) in connection with the proposed acquisition or increase of a qualified participation in an investment company, a self-managed investment fund, or the main administrator or their control, there are no reasonable fears that there could be a violation of the law regulating measures against the legalization of the proceeds of crime and the financing of terrorism or that such breach has occurred, and
- g) this is a case worthy of special consideration, if it is a request according to Section 521 subsection 2.

(3) In the decision on the request for approval pursuant to Section 520, subsection 1, the Czech National Bank may specify a deadline for the acquisition of participation in an investment company, a self-managed investment fund, or the main administrator pursuant to Section 520, subsection 1.

(4) In the decision on the request for approval pursuant to Section 520, subsection 1, the Czech National Bank shall state the conclusions resulting from the opinions received in accordance with the procedure pursuant to Section 489.

Section 523

(1) The Czech National Bank shall confirm its receipt in writing to the applicant no later than 2 working days from the date of receipt of the complete request for approval pursuant to Section 520, subsection 1; if the application is incomplete, without undue delay it will invite the applicant to eliminate the deficiencies in the application. At the same time as confirming the receipt of the complete application in accordance with the first sentence, the Czech National Bank shall notify the applicant of the date on which the deadline for the assessment of the application set out in subsection 2 falls.

(2) The Czech National Bank shall decide on the request for approval pursuant to Section 520 subsection 1 no later than 60 working days from the date of sending the written confirmation of receipt of the complete request pursuant to subsection 1.

(3) If the Czech National Bank does not issue an agreement within the period specified in subsection 2, it is valid that the agreement has been granted; this does not apply in the case of an application for consent submitted pursuant to Section 521, subsection 2.

(4) If it is necessary for the assessment of the application, the Czech National Bank shall, without undue delay, but no later than on the 50th working day of the period specified in subsection 2, invite the applicant in writing to submit additional information, while the Czech National Bank shall confirm the receipt of the requested information to the applicant in writing within the period specified in subsection 1. The date of dispatch of the invitation shall start to run for the period specified in subsection 2, for a maximum period of 20 working days.

(5) The period specified in subsection 2 shall be extended to a period of up to 30 working days in accordance with the procedure according to subsection 4,

- a) if the applicant has a residence, seat or place of business in a state that is not a member state, or
- b) if the applicant is not subject to the supervision of an authority of another Member State.

(6) After receiving an application pursuant to subsection 1, the Czech National Bank shall proceed similarly pursuant to Section 489, if a person who has permission from the supervisory authority of another member state to act as a financial service provider or is the controlling person of such a person applies for approval.

Section 524

Notice of disposal or reduction of qualified participation

(1) The person or persons acting in concert shall notify the Czech National Bank without undue delay that

- a) they reduce their qualified participation in an investment company, self-managed investment fund, or main administrator so that it falls below 50%, 30% or 20%, or they lose it completely, or
- b) reduce their qualified participation in an investment company, a self-managed investment fund, or the main administrator by ceasing to control them.

(2) The notification pursuant to subsection 1 contains

- a) data necessary to identify the person or persons reducing or disposing of their qualified participation in an investment company, self-managed investment fund, or the main administrator or data necessary to identify the person or persons ceasing to control them,
- b) data necessary to identify the investment company, the self-managed investment fund, or the main administrator in which this participation is reduced or lost or which ceases to be controlled,

c) information on the total amount of the share in the investment company, self-managed investment fund, or the main administrator after its reduction, or information on the extent of influence on the management of the investment company, self-managed investment fund, or the main administrator after its reduction, and

d) data necessary to identify a person or persons who acquire or increase a share in an investment company, a self-managed investment fund, or the main administrator, or data necessary to identify a person or persons who gain influence over the management of an investment company, a self-managed investment fund, or the main administrator.

CHAPTER XVI

CHANGE OF STANDARD FUND MANAGER

Section 525

The prior approval of the Czech National Bank is required to change the manager of the standard fund.

Section 526

The Czech National Bank will grant consent to a change of manager pursuant to Section 525, if the person who is to become a manager of a standard fund has the prerequisites to fulfill the obligations of a manager of a standard fund arising from this Act.

CHAPTER XVII

CHANGE OF DEPOSITORY OF THE STANDARD FUND

Section 527

The prior consent of the Czech National Bank is required to change the depository of the standard fund.

Section 528

The Czech National Bank will grant consent to change the depository pursuant to Section 527, if the person who is to become the depository of this standard fund confirms the creation of prerequisites for fulfilling the obligations of the depository of the standard fund arising from this Act. A depository of a standard fund is deemed to have the prerequisites to fulfill the obligations of a depository of a standard fund arising from this Act.

CHAPTER XVIII

AMENDMENT OF THE STATUTES OF THE STANDARD FUND

Section 529

(1) Prior consent of the Czech National Bank is required to change the status of the standard fund, otherwise it is ineffective.

(2) The Czech National Bank shall grant approval pursuant to subsection 1, if the proposed change of statute is in accordance with this Act and the legal regulations implementing it.

(3) A change in the status of a standard fund, which does not allow offering investments in this fund in the Czech Republic, is not allowed.

(4) The consent of the Czech National Bank to change the status of the standard fund is not required if it is a change

- a) data directly resulting from changes relating to the manager, administrator, fund or its depository,
- b) directly caused by a change in legislation,
- c) information on the performance or actual or expected results of the fund's management that requires regular updating, or
- d) not related to the position or interests of the unitholders or shareholders of the fund.

Section 530

(1) The Czech National Bank shall make a decision on an application pursuant to Section 529(1) within 30 working days from the date of submission of an application that has the prescribed requirements and does not suffer from other defects. If the Czech National Bank does not issue a decision within this period, it is considered that it has approved the change to the statute.

(2) Approval of a change in the statute of the standard fund, if it is not a case according to subsection 1 of the second sentence, is carried out by approval of its new complete wording.

CHAPTER XIX

SUBSCRIPTION OF A MONEY MARKET FUND THAT IS NOT A STANDARD FUND

Section 531

(1) The Czech National Bank shall enter in the list of investment funds pursuant to Section 597 letter a) or b) a money market fund as a special fund or as a fund of qualified investors at the request of its manager, if the prerequisites according to Article 5 of Regulation (EU) 2017/1131 of the European Parliament and of the Council are met.

(2) The Czech National Bank shall enter in the list of investment funds pursuant to Section 597 letter a) data on a sub-fund of a money market fund, which is a special fund or a fund of qualified investors, at the request of its manager, if the prerequisites according to Article 5 of Regulation (EU) 2017/1131 of the European Parliament and of the Council are met.

(3) The Czech National Bank shall decide on the approval of the depository and the statute of this fund at the same time as the registration pursuant to subsection 1 or 2.

(4) The Czech National Bank shall make the entry in accordance with subsection 1 or 2 within 2 months from the date of submission of the application for entry, which has the prescribed requirements and does not suffer from other defects.

TITLE XX

COMMON PROVISIONS

Section 532

(1) An application for the granting of a permit pursuant to Sections 479 to 482 and Section 507,

the granting of consent pursuant to Sections 433, 508, 509, 515, 520, 525, 527 and 529, the withdrawal of a permit pursuant to Sections 551 subsection 1 letter d) and 646 subsection 1, the amendment of a permit pursuant to Sections 500 and 647, and an application for entry in the lists pursuant to Sections 596 and 597, as well as an application for the amendment of the data entered in those lists, may be submitted only electronically.

(2) The application referred to in subsection 1 shall contain, in addition to the particulars laid down in the administrative regulations, data and documents proving compliance with the conditions established by this Act.

(3) The Czech National Bank shall establish by decree the details of the application under subsection 1 certifying compliance with the prerequisites set out in this Act, its form and the method of submission.

Section 533

(1) The fulfillment of the prerequisites established by this Act for a decision on an application pursuant to this Act can also be certified by referring to a precisely identified document that the applicant previously submitted to the Czech National Bank or that the Czech National Bank otherwise has at its disposal, if it is up-to-date.

(2) The certificate of fulfillment of the prerequisites set forth in this Act for the decision on the application for a permit authorizing to exceed the determined limit, if a legal entity applies for this permit pursuant to Section 15, is defined in Article 1 of Commission Implementing Regulation (EU) No. 447/2013.

PART FOURTEEN

SUPERVISION OF THE CZECH NATIONAL BANK

TITLE I

SCOPE OF SUPERVISION

Section 534

Personal scope of supervision

It is subject to the supervision of the Czech National Bank according to this law

- a) investment company,
- b) self-managed investment fund,
- c) a foreign person with a permit according to Section 481 in the scope of activities carried out on the basis of a permit granted by the Czech National Bank,
- d) main administrator,
- e) a foreign person with permission from the supervisory authority of another member state who manages an investment fund in the Czech Republic, to the extent pursuant to Section 340 or 344,
- f) a foreign investment fund with a permit from the supervisory authority of another member state granted in accordance with the requirements of the directive of the European Parliament and the Council

governing the coordination of regulations in the field of collective investment ⁴⁾ to the extent that investments in this fund are publicly offered in the Czech Republic and in which it is not subject to the supervision of the supervisory authority of the home Member State,

g) investment fund depository,

h) the prime broker of the investment fund,

i) the liquidator of an investment company, a self-managed investment fund that is a collective investment fund, or the main administrator,

j) a forced administrator of an investment company that manages an investment fund or a foreign investment fund, or a forced administrator of a self-managed investment fund that is a collective investment fund,

k) manager and administrator of a foreign investment fund, to the extent that investments in this fund are or were offered in the Czech Republic and to the extent that they are not subject to supervision by the supervisory authority of the home Member State,

l) a person who in the Czech Republic offers investments in investment funds or in foreign investment funds within the scope of this activity, and

m) a legal entity referred to in Section 17, Subsection 1 or 2, second sentence, which submitted an application for the granting of the relevant permit, until the day when the proceedings on this application are legally terminated.

Section 535

Substantive scope of supervision

The Czech National Bank supervises compliance

a) obligations set out

1. by this Act,

2. on the basis of this law a

3. a directly applicable regulation of the European Union in the area of investment fund management ²⁾ and

b) conditions specified in the decision based on this Act.

Section 536

When exercising supervision under this law, the Czech National Bank focuses primarily on protecting the interests of investors of collective investment funds and on possible sources of systemic risk for the proper functioning of the financial market in the Czech Republic.

Section 537

The Czech National Bank ensures that, when exercising supervision under this Act, it proceeds in accordance with the instructions and recommendations of the European supervisory authority.

TITLE II

SUPERVISORY MEASURES

Chapter 1

Basic provision

Section 538

(1) The Czech National Bank may impose measures to remedy a detected deficiency corresponding to the nature of the violation and its seriousness to a person subject to its supervision who has violated an obligation or condition pursuant to Section 535.

(2) The person on whom the Czech National Bank has imposed remedial measures shall notify the Czech National Bank without undue delay of the method of eliminating the deficiencies and arranging for remedial action.

(3) The Czech National Bank is entitled to require the provision of a birth number as data necessary for the identification of a natural person.

Section 539

The Czech National Bank can further

- a) to order a change of manager of an investment fund or a foreign investment fund,
- b) order a change of administrator of an investment fund or a foreign investment fund,
- c) order a change of depository of an investment fund or a foreign investment fund,
- d) order a change of auditor,
- e) order an extraordinary audit of the financial statements,
- f) request verification of the valuation of the assets and debts of the investment fund by another person,
- g) to suspend any activity subject to its supervision for a maximum period of 5 years,
- h) limit the scope of the permit or determine the conditions for the performance of individual activities,
- i) determine the conditions for using the leverage effect or other conditions,
- j) limit the scope of the investment strategy of the investment fund, prohibit the offering of investments in the investment fund or delete the investment fund from the list,
- k) decide on the cancellation of the investment fund or propose the cancellation of the investment fund,
- l) withdraw permission or consent,
- m) to prohibit a person or a group of persons acting in concert, to whom it has granted consent pursuant to Section 520 and who have ceased to meet the prerequisites for granting such consent, to exercise voting rights on an investment company, a self-managed investment fund or the main administrator, or otherwise exert significant influence on their management,
- n) cancel the decision of the manager of an investment fund, which is an open-ended mutual fund or a joint-stock company with variable capital, to suspend the issuance or redemption of unit certificates or investment shares issued by this fund,

- o) publish information about the nature of the illegal act and the identification of the person who acted in this way, including the identification of the person who acted on behalf of the legal entity,
- p) take measures to more effectively monitor possible sources of systemic risk, or
- q) introduce forced administration.

Section 540

Coercive fine

(1) The Czech National Bank enforces compliance with a corrective measure imposed pursuant to Section 538 subsection 1 or another measure pursuant to Section 539 by successive imposition of coercive fines.

(2) The amount of a single coercive fine shall not exceed CZK 5,000,000. The aggregate amount of the coercive fines shall not exceed CZK 20,000,000.

(3) Coercive fines are collected and enforced by the Customs Office. Income from coercive fines is income of the state budget.

Chapter 2

Change of manager of an investment fund or foreign investment fund

Section 541

(1) The Czech National Bank may order a change in the manager of an investment fund or a foreign investment fund by deciding on the transfer of the management of an investment fund or a foreign investment fund managed by an investment company, by a foreign person specified in Section 14 or by a foreign person with a permit pursuant to Section 481 to another an investment company, a foreign person listed in Section 14 or a foreign person with a permit according to Section 481, if

- a) has revoked the existing manager's permit to operate an investment company or the permit to operate a foreign person pursuant to Section 481, or learns that the permit granted by the supervisory authority of another member state referred to in Section 14 has been revoked from the existing manager,
- b) there have been significant changes in the facts decisive for the granting of a permit for the activity of the current manager,
- c) the current manager seriously or repeatedly violates the established obligation
 1. by this Act,
 2. on the basis of this Act,
 3. by the law of a foreign state in the area of management of investment funds and foreign investment funds, if it is a foreign investment fund or a foreign person, or
 4. a directly applicable regulation of the European Union in the area of management of investment funds²⁾,
- d) the current manager is terminated with liquidation or a comparable method according to the law of a foreign country,
- e) a decision has been made on the bankruptcy of the previous manager or a comparable decision has been issued according to the law of a foreign state,
- f) the insolvency proposal was rejected due to the lack of assets of the previous manager or a comparable

decision was issued according to the law of a foreign country, or

g) enforced administration of the previous manager was introduced.

(2) To transfer the management of an investment fund or foreign investment fund pursuant to subsection 1, the prior consent of the person to whom the management of this fund is to be transferred is required. The agreement between the current manager and the person to whom the management of this fund is to be transferred will be taken into account.

Chapter 3

Change of investment fund or foreign investment fund administrator

Section 542

(1) The Czech National Bank may order the manager of an investment fund or foreign investment fund to change the administrator of this fund, if the administrator has seriously or repeatedly violated an obligation or condition pursuant to Section 535.

(2) The Czech National Bank may order the manager of an investment fund or a foreign investment fund to change the administrator of this fund,

a) if compulsory administration is introduced for this administrator, or

b) if the interests of the investors of this fund are threatened.

(3) The obligation from the administration contract expires 1 month after the date of acquisition of legal force of the decision to order a change of administrator.

(4) The manager shall enter into a contract with another administrator within the period specified in subsection 3, unless he will perform the administration of this fund himself.

(5) The manager shall ensure that the administration of the investment fund or foreign investment fund is carried out without undue delay after the expiry of the period according to subsection 3.

Chapter 4

Change of depository of investment fund or foreign investment fund

Section 543

(1) The Czech National Bank may order the manager of an investment fund or a foreign investment fund to change the depository of this fund, if the depository has seriously or repeatedly violated an obligation or condition pursuant to Section 535.

(2) The Czech National Bank may order the manager of an investment fund or a foreign investment fund to change the depository of this fund,

a) if forced administration is introduced at this depository, or

b) if the interests of the investors of this fund are threatened.

(3) The obligation from the depository contract expires at the expiration of 1 month after the date of acquisition of legal force of the decision on the order to change the depository.

(4) The manager shall conclude a depository agreement with another depository within the period specified in subsection 3.

Chapter 5

Change of auditor

Section 544

(1) The Czech National Bank may order a change of the auditor verifying the financial statements or consolidated financial statements of an investment fund or a foreign investment fund or its manager at the expense of this manager,

a) if he discovers serious or repeated deficiencies in the audit of the financial statements or consolidated financial statements of this fund or this manager, or

b) if the auditor fails to fulfill his notification obligation according to the law governing the activities of auditors.

(2) The manager shall arrange for a change of auditor and shall notify the Czech National Bank of the auditor's information within 1 month from the date of the decision on the change of auditor.

Chapter 6

Extraordinary execution of the audit of the financial statements

Section 545

(1) The Czech National Bank may order the manager to carry out an extraordinary audit of the financial statements of the investment fund,

a) if he discovers serious or repeated deficiencies in the audit of the financial statements of the investment fund, or

b) if the auditor fails to fulfill his notification obligation according to the law governing the activities of auditors.

(2) Taking into account the established facts, the Czech National Bank will determine the conditions for conducting an extraordinary audit of the financial statements, in particular the scope and method of conducting the extraordinary audit.

(3) The manager shall ensure that a formal audit is carried out and shall notify the Czech National Bank within 1 month from the date of acquisition of legal force of the decision to carry out an extraordinary audit of the details of the auditor who will carry out the extraordinary audit, to the extent set by the implementing legislation. This auditor must be a person different from the auditor who performed the verification of the financial statements.

(4) The Czech National Bank may, within 1 month from the date of notification of the data pursuant to subsection 3, reject the auditor notified to it by the manager and designate another auditor who will perform the extraordinary audit.

(5) The manager shall ensure that the audit is carried out without unnecessary delay after the expiry of the period according to subsection 4.

(6) The costs of the extraordinary audit shall be borne by the manager. If, on the basis of an extraordinary audit, serious or repeated deficiencies in the audit of the investment fund's financial statements are not confirmed, or if it is proven that there was no violation of the auditor's reporting obligation pursuant to subsection 1 letter b), the Czech National Bank will reimburse the manager for the costs purposefully incurred by him for the performance of the extraordinary audit.

Chapter 7

Verification of the valuation of the assets and liabilities of the investment fund by another person

Section 546

(1) If the manager administers an investment fund that is not a standard fund or a comparable foreign investment fund that he manages, the Czech National Bank may, if it detects a serious or repeated violation of obligations or non-compliance with the conditions pursuant to Section 535, order verification

- a) valuation of assets and debts of this fund by others,
- b) using procedures for valuing the assets and liabilities of the investment fund by others, or
- c) impartiality and independence of the appraiser from others.

(2) The Czech National Bank may order an investment fund that invests in real estate or by participating in a real estate company to ensure a new valuation of the real estate by one independent expert or a member of a committee of experts, if it detects a serious or repeated breach of duty or non-compliance with the conditions according to Section 535.

(3) The costs of the valuation verification according to subsections 1 and 2 shall be borne by the manager. If, on the basis of the verification of the valuation according to subsections 1 and 2, no serious deficiencies are confirmed, the Czech National Bank will reimburse the manager for the costs purposefully incurred by him in connection with this valuation.

Chapter 8

Limitation of the scope of authorization or determination of conditions for the performance of individual activities

Section 547

The Czech National Bank may limit the scope of authorization for the activities of an investment company, a foreign person pursuant to Section 481, a self-managed investment fund or a main administrator or determine conditions for the performance of individual activities of this person, if it detects a serious or repeated violation of obligations or non-compliance with the conditions pursuant to Section 535.

Chapter 9

Conditions for use of leverage or other conditions

Section 548

(1) If it considers it necessary for the proper functioning of the financial market in the Czech Republic, the Czech National Bank may determine the investment company authorized to exceed the

decisive limit, a foreign person with a permit pursuant to Section 481 or a self-managed investment fund authorized to exceed the decisive limit

- a) conditions for using leverage when managing investment funds or foreign investment funds, or
- b) other conditions that the manager is obliged to comply with in order to use the leverage effect when managing investment funds or foreign investment funds.

(2) The further procedure of the Czech National Bank according to subsection 1 is defined by Article 112 of Commission Delegated Regulation (EU) No. 231/2013.

Chapter 10

Limitation of the scope of the investment strategy, prohibition of offering investments or deletion from the list

Section 549

(1) If the Czech National Bank discovers deficiencies in the activities of an investment company or a foreign person with a permit pursuant to Section 481, it may

- a) limit the scope of the investment strategy of an investment fund other than a standard fund or a comparable foreign investment fund managed by this person, or
- b) prohibit the offering of investments in such a fund.

(2) If Czech National Bank discovers shortcomings in the activities of the self-managed investment fund, it may

- a) limit the scope of the investment strategy of this fund, or
- b) prohibit the offering of investments in this fund.

(3) The person referred to in subsections 1 and 2 shall ensure that the status of an investment fund other than a standard fund or a comparable foreign investment fund, which it manages, is brought into compliance with the decision of the Czech National Bank on limiting the investment strategy of this fund within 30 days from the date of acquisition of legal force of the decision about limiting the investment strategy of this fund.

(4) The Czech National Bank may prohibit the offering of investments in a foreign investment fund comparable to a special fund or a fund of qualified investors, whose home state is not a member state, or which is managed by a person based in a state that is not a member state, in the Czech Republic, if the manager of this fund does not fulfill any of the obligations imposed on him on the basis of the directive of the European Parliament and the Council regulating managers of alternative investment funds ⁵⁾.

Chapter 11

Cancellation of the investment fund

Section 550

(1) The Czech National Bank may decide to cancel a collective investment fund, which has the legal form of a mutual fund, with liquidation, if

- a) the average amount of the fund capital of this fund for the last 6 months does not reach the amount corresponding to at least EUR 1,250,000,
- b) the amount of the fund capital of this fund does not reach an amount corresponding to at least EUR 1,250,000 within 6 months from the date of its creation, or
- c) revoked its manager's permit to operate an investment company or permit to operate a foreign person pursuant to Section 481, or learns that the permit of the supervisory authority of another member state referred to in Section 14 has been revoked from its manager, and if it has not simultaneously decided to change the manager pursuant to Section 541.

(2) The Czech National Bank may decide to cancel the qualified investors' fund, which has the legal form of a joint stock fund, with liquidation, or to terminate the management of the trust fund, which is a qualified investors' fund, if

- a) if it is a fund of qualified investors, which is not listed in Section 281,
 - 1. the average amount of the fund capital of this fund for the last 6 months does not reach the amount corresponding to at least EUR 1,250,000, or
 - 2. the amount of the fund capital of this fund within 12 months from the date of its creation will not reach an amount corresponding to at least EUR 1,250,000,
- b) if it is a fund of qualified investors referred to in Section 281,
 - 1. the average amount of the fund capital of this fund for the last 6 months does not reach the amount corresponding to at least EUR 1,000,000, or
 - 2. the fund capital of this fund does not reach at least EUR 1,000,000 within the period specified in the articles of association and, if applicable, in the articles of association, or
- c) revoked its manager's license to operate an investment company or permit to operate a foreign person pursuant to Section 481, or learns that the permit of the supervisory authority of another member state referred to in Section 14 has been revoked from its manager, and if it has not simultaneously decided to change the manager pursuant to Section 541.

Chapter 12

Withdrawal of permission

Section 551

Mandatory withdrawal of authorization

(1) The Czech National Bank revokes the license to operate an investment company, license to operate a self-managed investment fund, license to operate a foreign person pursuant to Section 481 or license to operate a main administrator,

- a) if a decision has been made on the bankruptcy of an investment company, a self-managed investment fund or the main administrator, or if a comparable decision has been issued under the law of a foreign state concerning a foreign person with a permit pursuant to Section 481,
- b) if the insolvency petition was rejected due to the lack of assets of the investment company, self-managed investment fund or main administrator, or if a comparable decision was issued under the law of a foreign state concerning a foreign person with a permit pursuant to Section 481,
- c) if, within a period of 90 days from the date on which the decision to grant this permit became legal, a proposal for registration in the commercial register is not submitted, or if this proposal is not granted, if the permit was granted to a legal entity before its registration in the commercial register, or

Section 481 or the main administrator requested the withdrawal of an activity permit, if this person no longer carries out activities for which a permit is required pursuant to this Act.

(2) The Czech National Bank will revoke the license for the self-managed investment fund to operate if it does not have a depository for a period longer than 3 months.

(3) The Czech National Bank shall revoke the operating permit of an investment company authorizing it to manage standard funds or comparable foreign investment funds, if it does not manage at least one standard fund within 12 months from the date of granting this permit or for more than 6 months.

(4) The Czech National Bank shall withdraw this authorization from a foreign person with a permit pursuant to Section 481, if

a) does not proceed in accordance with the decision of the Czech National Bank in accordance with Section 498 within the specified period, or

b) it has been granted a comparable permit by the supervisory authority of another Member State.

Section 552

Optional withdrawal of permission

(1) The Czech National Bank may revoke the license to operate an investment company, the license to operate a self-managed investment fund, the license to operate a foreign person granted pursuant to Section 481 or the license to operate a main administrator, if

a) the remedial measures imposed did not lead to remedial measures,

b) it is necessary to protect the interests of investors who are not qualified investors,

c) this permission was granted on the basis of false or incomplete data,

d) there have been significant changes in the facts decisive for the granting of this permit, or

e) investment company, foreign person with a permit according to Section 481, self-managed investment fund or main administrator

1. does not comply with the provisions on capital adequacy,

2. does not start the collection of funds or money-valuable things within 12 months from the date of granting this permission,

3. does not perform its activity for more than 6 months, or

4. seriously or repeatedly violates the obligation established by this Act, on the basis of this Act or directly applicable regulations of the European Union in the area of investment fund management ²⁾.

(2) The Czech National Bank may revoke the license to operate an investment company or the license to operate a self-managed investment fund, if its purpose cannot be achieved by continuing the forced administration of an investment company or a self-managed investment fund that is a collective investment fund.

(3) The Czech National Bank may revoke the license to operate a self-managed investment fund if

a) if it is a collective investment fund,

1. the average amount of the fund capital of this fund for the last 6 months does not reach the amount corresponding to at least EUR 1,250,000, or
 2. the amount of the fund capital of this fund will not reach an amount corresponding to at least EUR 1,250,000 within 6 months from the date of its creation,
- b) if it is a fund of qualified investors,
1. the average amount of the fund capital of this fund for the last 6 months does not reach the amount corresponding to at least EUR 1,250,000, or
 2. within 12 months from the date of its creation, the amount of the fund capital of this fund will not reach an amount corresponding to at least EUR 1,250,000, or
- c) if it is a fund of qualified investors referred to in Section 281,
1. the average amount of the fund capital of this fund for the last 6 months does not reach the amount corresponding to at least EUR 1,000,000, or
 2. the fund capital of this fund does not reach at least EUR 1,000,000 within the period specified in the articles of association and, if applicable, in the articles of association.

Section 553

cancelled

Section 554

Common provisions for the purpose of withdrawal of authorization

(1) A person whose license to operate an investment company or license to operate a foreign person granted pursuant to Section 481 has been revoked shall be regarded as the manager of an investment fund or a foreign investment fund until

- a) payment of shares to shareholders, partners or trustees of canceled investment funds and foreign investment funds,
- b) transferring the management of non-cancelled investment funds and foreign investment funds to another manager and
- c) if this person performed any of the activities according to Section 11 subsection 1 letter c) to f), until the settlement of its obligations from these activities.

(2) A person whose license to operate a self-managed investment fund has been revoked and who is a joint-stock company with variable capital or a limited partnership for investment certificates or a collective investment fund shall be liquidated and its liquidator shall be appointed by the Czech National Bank; the provisions of this Act on the liquidation of an investment fund with legal personality shall be applied *mutatis mutandis*. As of the date of revocation of this permit, this person is regarded as a self-managed investment fund until it is deleted from the commercial register.

(3) A person whose permission to operate a self-managed investment fund has been revoked is regarded as a self-managed investment fund until the date of registration of the change in the subject of its business (activity) in the commercial register, if it was a fund of qualified investors before the date of withdrawal of this permission, and if it is not a case according to subsection 2.

(4) If the person whose license to operate a self-managed investment fund was revoked is to become an investment fund referred to in Section 9, subsection 1, subsections 2 and 3 shall not apply.

(5) If the Czech National Bank has decided to initiate proceedings to revoke the license to operate an investment company, the license to operate a self-managed investment fund, the license to

operate a foreign person granted pursuant to Section 481 or the license to operate a main administrator, the Czech National Bank shall publish this fact on their website.

Chapter 13

Withdrawal of consent

Section 555

The Czech National Bank may withdraw the consent granted under this Act if

- a) the remedial measures imposed did not lead to remedial measures,
- b) it became clear that the consent was granted on the basis of false or incomplete data, or
- c) there has been a significant change in the facts on the basis of which the consent was granted.

Chapter 14

Cancellation of the manager's decision to suspend the issuance or redemption of unit certificates or investment shares

Section 556

(1) The Czech National Bank shall cancel the decision of the manager of an investment fund, which is an open-ended mutual fund or a joint-stock company with variable capital, to suspend the issuance or redemption of units or investment shares issued by this fund, if the suspension of the issuance or redemption of these units is threatened, or investment shares, the interests of the owners of these shares or investment shares.

(2) If the Czech National Bank decides in the administrative proceedings pursuant to subsection 1 on a preliminary measure that has an impact on the suspension of the issuance or redemption of unit certificates or investment shares, the Czech National Bank will publish this fact on its website.

(3) The first step in the administrative procedure according to subsection 1 is the issuing of a decision. An appeal against this decision has no suspensory effect.

Chapter 15

Measures to more effectively monitor possible sources of systemic risk

Section 557

(1) The Czech National Bank shall issue measures of a general nature pursuant to subsection 2, if it is expedient to more effectively monitor possible sources of systemic risk for the proper functioning of the financial market in the Czech Republic.

(2) The Czech National Bank, by means of measures of a general nature to managers of investment funds, administrators of investment funds, a group of designated investment fund managers or a group of designated investment fund administrators, deviating from this Act or a legal regulation issued on its basis, shall determine the deadlines and periodicity for the fulfillment of notification obligations or determine additional notification obligations of the manager or administrator.

Section 172 of the Administrative Code shall not apply when issuing measures pursuant to subsection 2. The measure of a general nature takes effect on the day of publication on the official board

of the Czech National Bank. If it has not ceased to be effective earlier, the measure of a general nature shall cease to be effective after the expiration of 6 months from the date of its entry into force.

Chapter 16

Compulsory administration

Introduction and termination of forced administration

Section 558

(1) The Czech National Bank may introduce forced administration of an investment company or a self-managed investment fund that is a collective investment fund, if previous measures to correct the detected deficiencies or the imposition of a fine did not lead to correction and this investment company or a self-managed investment fund that is a collective investment fund, has repeatedly or seriously violated an obligation or condition according to Section 535.

(2) The Czech National Bank may further introduce compulsory administration of an investment company or a self-managed investment fund, which is a collective investment fund, if the interests of the investors of this fund or the interests of other customers of this investment company are threatened.

Section 559

(1) The decision on the introduction of forced administration contains

- a) data necessary to identify the forced manager,
- b) the amount of the compulsory administrator's remuneration or the method of its determination and its maturity date a
- c) any restrictions on handling the assets of the investment company or investment fund or restrictions on other activities of this investment company or this fund.

(2) Proceedings on the introduction of compulsory administration can be initiated by issuing a decision on the introduction of compulsory administration.

(3) The decision on the introduction of forced administration is delivered to the business company where the forced administration is being introduced and to the designated receiver.

Section 560

The decision to introduce forced administration is enforceable by delivery to the receiver. An appeal filed against this decision has no suspensory effect.

Section 561

(1) With the introduction of forced administration, the performance of the functions of members of the statutory body of an investment company or investment fund is suspended, and the powers of the statutory body of an investment company or investment fund are transferred to the forced administrator.

(2) The effects of the introduction of forced administration pursuant to subsection 1 do not affect the right of members of the statutory body of an investment company or investment fund to file a lawsuit against the decision to introduce forced administration with rights pursuant to the Act governing administrative justice.

Section 562

(1) Compulsory administration ends

- a) on the date specified in the final decision of the Czech National Bank or the final judgment of the court on the termination of forced administration,
- b) declaring bankruptcy for the assets of an investment company or investment fund that is under receivership,
- c) issuing a decision to authorize the reorganization of an investment company or an investment fund that is under receivership, or
- d) the day on which the liquidator of an investment company or investment fund subject to compulsory administration is appointed.

The prior consent of the Czech National Bank is required for the liquidation of an investment company or investment fund in compulsory administration with liquidation, which is decided by the relevant authority of this investment company or this fund.

Forced administrator

Section 563

(1) The forced manager of an investment company or investment fund performs his function with professional care.

(2) Only a person who is registered in the list of persons who can be a compulsory administrator of an investment company that manages a collective investment fund or a comparable foreign investment fund and a collective investment fund with legal personality managed by the Czech Republic can be a compulsory manager of an investment company or an investment fund. by the National Bank.

(3) The forced administrator of an investment company cannot be a person who

- a) whose interests are in conflict with the interests of shareholders, partners and trustees of an investment fund or a foreign investment fund managed by this investment company, or with the interests of other customers of this investment company,
- b) who is personally or financially connected to this investment company, or
- c) who has participated in the mandatory audit of this investment company in the last 5 years.

(4) A forced manager of an investment fund cannot be a person who

- a) whose interests conflict with the interests of the owners of unit certificates or investment shares issued by this fund,
- b) who is personally or financially connected to this fund, or
- c) who participated in the mandatory audit of this fund in the last 5 years.

Section 564

(1) Compulsory administrator

- a) take measures without undue delay to rectify identified deficiencies in the activities of the investment company or investment fund,
- b) ensure the protection of the rights of shareholders, partners and trustees of an investment fund that manages an investment company that is under receivership, or shareholders of an investment fund that is under receivership, and
- c) convene a meeting of the highest authority of the investment company or investment fund for which forced administration was introduced within 6 months from the date of introduction of forced administration, and
 - 1. submits a proposal for the dismissal of the existing ones and the election of new persons to those bodies that elect this highest body, and a proposal for measures to correct identified deficiencies in the activities of the investment company or investment fund, or
 - 2. proposes the liquidation of the investment company or investment fund.

(2) The deadline for convening a meeting of the highest authority according to subsection 1 letter c) the Czech National Bank may extend it up to 1 year at the proposal of the receiver, if there are reasons worthy of special consideration.

Section 565

(1) With the prior consent of the Czech National Bank, the forced administrator may

- a) to suspend the issuance and redemption of securities and book-entry securities issued by an investment fund or a foreign investment fund that is managed by an investment company where forced administration has been introduced, or to suspend the issuance and redemption of securities and book-entry securities issued by an investment fund where receivership was introduced, or
- b) file an insolvency petition for the property of an investment company or investment fund for which compulsory administration has been introduced, if he discovers that there are reasons for filing such a petition.

(2) Reimbursement of out-of-pocket expenses of the forced administrator of an investment company or investment fund and the remuneration of such forced administrator shall be paid from the assets of the investment company or investment fund for which forced administration has been introduced; if the assets of the investment company or investment fund are not sufficient to pay compensation for the out-of-pocket expenses of the forced manager and the remuneration of the forced manager of this investment company or this fund, the state will pay them.

(3) By decree, the Czech National Bank shall determine the rules for determining the amount of the receiver's remuneration and the cases where the reimbursement of the out-of-pocket expenses and from the currency of the receiver is paid by the state.

Section 566

(1) The performance of the function of forced administrator ceases a) by the resignation of the forced administrator according to subsection 2, b) by the dismissal of the forced administrator according to subsection 3, c) by the termination of forced administration according to Section 562, or d) by the death of the forced administrator.

(2) The forced administrator shall notify the Czech National Bank of his resignation from the function of forced administrator at least 1 month in advance.

(3) The Czech National Bank shall dismiss the forced administrator if he has seriously or repeatedly violated his duty or ceased to fulfill the prerequisites for the performance of this function

established by this Act.

(4) If the performance of the function of the forced administrator ceases according to subsection 1 letter a), b) or d), the Czech National Bank will decide on the appointment of another compulsory administrator without unnecessary delay.

(5) The decision on the appointment of another receiver shall be delivered to the commercial company where receivership is in place and to the receiver appointed pursuant to subsection 4.

Section 567

Data entered in the commercial register

(1) It is entered in the Commercial Register of Rivers

a) information on the date of introduction of forced administration,

b) data necessary to identify the forced manager,

c) data necessary to identify the new forced administrator, if a new forced administrator has been appointed,

d) restriction of dealing with the assets of an investment fund or foreign investment fund managed by an investment company that has been placed under receivership, or the assets of an investment fund that has been placed under receivership, or restrictions on other activities of the investment company or investment fund, and

e) information on the date of termination of forced administration.

(2) Proposal for recording the data referred to in subsection 1 letter a), b) and d) shall be submitted to the commercial register by the receiver without undue delay after he has received the decision on the introduction of receivership.

(3) Proposal to record the information referred to in subsection 1 letter c) is submitted by the newly appointed receiver without undue delay after he has received the decision on his appointment as receiver.

(4) Proposal to record the information referred to in subsection 1 letter e) an investment company or an investment fund for which forced administration is in place is submitted to the commercial register without undue delay after the end of forced administration.

(5) A proposal to delete the entry of the data referred to in subsection 1 letter b) is submitted by the newly appointed forced administrator at the same time as the application for registration according to subsection 3.

Section 568

Financial security and final settlement

(1) The provisions of this Act governing the introduction of forced administration do not affect the exercise of rights and the fulfillment of obligations arising from the agreement on financial security under the conditions set by the law governing financial security or under comparable conditions under the law of a foreign state, if the financial security was agreed upon and arose before the introduction of forced administration management.

(2) Subsection 1 shall also apply in the event that the financial security was arranged or was created on the date of the introduction of forced administration, but only after this fact occurred, unless the beneficiary of the financial collateral knew about such a fact or should have known and could have known about it.

(3) The provisions of this Act regulating the introduction of forced administration do not affect the fulfillment of the final settlement according to the law regulating business on the capital market, if the final settlement was concluded before the introduction of forced administration.

TITLE III

SUPERVISION OF THE CZECH NATIONAL BANK IN CASES WITH ELEMENTS OF FOREIGN LAW

Section 569

(1) If a foreign person pursuant to Section 14, subsection 1, who manages a standard fund in the Czech Republic through a branch or without a branch, does not fulfill any of the obligations set out in Section 340, the fulfillment of which is subject to the supervision of the Czech National Bank, the Czech National Bank shall notify it to this fact and asks it to remedy the situation and at the same time informs the supervisory authority of another member state that granted this person a permit.

(2) If a foreign person who has a permit from the supervisory body of another member state granted in accordance with the requirements of the directive of the European Parliament and the Council governing the coordination of regulations in the field of collective investment⁴⁾ does not comply, when offering investments in the foreign investment fund managed by him, comparable to the standard by a fund in the Czech Republic one of the obligations according to Sections 305 to 307, the fulfillment of which is subject to the supervision of the Czech National Bank, the Czech National Bank will notify it of this fact and ask it to arrange a remedy, and at the same time inform the supervisory authority of another member state, which granted this person authorization.

(3) If the measures taken in relation to a foreign person in accordance with subsection 1 or 2 by the supervisory authority of another Member State that granted this person a permit did not lead to correction or if they were not taken within a reasonable period of time, the Czech National Bank may

a) after informing the supervisory authority of another Member State that granted the permit to that person, impose corrective measures or other measures or an administrative penalty on the foreign person pursuant to subsection 1 or 2 in accordance with this Act, provided that the provisions of Section 538 subsection 2 shall be applied *mutatis mutandis*, or

b) inform the European Supervisory Authority of its doubts that the supervisory authority of another Member State which granted the authorization to this person acted accordingly on the basis of the information pursuant to subsection 1 or 2.

(4) If there is a risk of default, the Czech National Bank may, in order to ensure the protection of investors or customers in the Czech Republic of a foreign person referred to in Section 14 subsection 1, impose corrective measures or other measures or sanctions in accordance with this Act on this person without prior notification to the authority the supervision of another Member State which has granted this person a permit; Section 538 subsection 2 shall be applied *mutatis mutandis*. If the European Commission decides, after consultation with the competent supervisory authorities of other member states, that the imposed remedial measures or other measures should be changed or cancelled, the Czech National Bank is bound by this decision.

Section 570

(1) If a foreign person pursuant to Section 14, subsection 2, who manages a special fund or a fund of qualified investors in the Czech Republic through a branch or without the location of a branch, does not fulfill any of the obligations set forth in Section 344, the fulfillment of which is subject to the supervision of the Czech National Bank, he shall notify the Czech National Bank is aware of this fact and asks it to remedy the situation, and at the same time informs the supervisory authority of another member state that granted this person a permit.

(2) If a foreign person who has a permit from the supervisory authority of another member state granted in accordance with the requirements of the Directive of the European Parliament and the Council regulating the administrator of alternative investment funds ⁵⁾ fails to comply when offering investments in a foreign investment fund managed by him that is comparable to a special fund or with a fund of qualified investors in the Czech Republic, one of the obligations, the fulfillment of which is subject to the supervision of the Czech National Bank, the Czech National Bank will notify it of this fact and ask it to arrange a remedy, and at the same time inform about it the supervisory authority of another member state that granted this person permission.

(3) If the measures taken in relation to a foreign person in accordance with subsection 1 or 2 by the supervisory authority of another Member State that granted this person a permit did not lead to remedial measures or if they were not taken within a reasonable period of time, the Czech National Bank may, after informing the supervisory authority of another Member State which has granted that person a permit, to impose corrective measures or other measures or administrative penalties under this Act. The provision of Section 538, subsection 2, shall be applied mutatis mutandis.

Section 571

Violation of the law of a foreign country

If the supervisory authority of another member state announces that the manager subject to the supervision of the Czech National Bank does not fulfill the reporting obligations towards this supervisory authority or violates the obligation arising from the law of the European Union in the area of management of investment funds ^{1), 2)}, the fulfillment of which is subject to the supervision of the notifying supervisory authority, the Czech National Bank will impose corrective measures on this manager pursuant to this Act or other measures pursuant to Section 539 letter h). If this manager is a foreign person with a permit pursuant to Section 481, the Czech National Bank will request the necessary information from the supervisory authority of another state in which this person has its registered office. The provision of Section 538, subsection 2, shall be applied mutatis mutandis.

Section 572

Supervision of the manager of a foreign investment fund comparable to a standard fund

(1) If the Czech National Bank learns that a foreign investment fund comparable to a standard m fund, in which investments are offered in the Czech Republic, does not meet the requirements arising from European Union law in the area of management of investment funds ^{1), 2)}, the fulfillment of which is not subject to the supervision of the Czech National Bank, the Czech National Bank will notify the supervisory authority of the home country of this fund to this fact.

(2) If the measures taken in relation to a foreign investment fund pursuant to subsection 1 by the supervisory authority of the home state of this fund did not lead to correction or if they were not taken within a reasonable period of time, the Czech National Bank may

a) after informing the supervisory authority of the home state of this fund, impose remedial measures pursuant to this Act or other measures pursuant to Section 539 letter m. h) to protect the interests of investors in the Czech Republic, with the provision that Section 538 subsection 2 shall be applied mutatis mutandis, or

b) contact the European Supervisory Authority in this matter.

Section 573

Supervision of the manager of the foreign investment fund in other cases

(1) If the Czech National Bank learns that the manager of a foreign investment fund comparable to a special fund or a fund of qualified investors, in which investments are offered in the Czech Republic, does not meet the requirements arising from European Union law in the area of investment fund management ^{1), 2)}, the fulfillment of which is not subject to the supervision of the Czech National Bank, the Czech National Bank shall notify the supervisory authority of another member state that has granted this manager a permit of this fact.

(2) If the measures taken in relation to the economic manager pursuant to subsection 1 by the supervisory authority of another Member State that granted this economic manager a permit did not lead to correction or if they were not taken within a reasonable period of time, the Czech National Bank may, after informing this supervisory authority of another Member State state to impose remedial measures pursuant to this Act or other measures pursuant to Section 539 letter h) to protect the interests of investors in the Czech Republic or to ensure the proper functioning of the financial market in the Czech Republic. The provision of Section 538, subsection 2, shall be applied mutatis mutandis.

Section 574

Suspicion of unauthorized authorization

(1) If the Czech National Bank has a reasonable suspicion that the supervisory authority of another member state has granted a foreign person with its registered office in a state that is not a member state a permit to operate on the basis of the Directive of the European Parliament and of the Council regulating managers of alternative investment funds ⁵⁾ in conflict with the requirements of European Union law, this fact will be brought to the attention of this supervisory authority of another member state.

(2) If the measures taken in relation to a foreign person pursuant to subsection 1 by the supervisory authority of another Member State that granted this person permission did not lead to correction or if they were not taken within a reasonable period of time, the Czech National Bank may, after informing this supervisory authority of another Member State to impose remedial measures pursuant to this Act or other measures pursuant to Section 539 letter h) to protect the interests of investors in the Czech Republic or to ensure the proper functioning of the financial market in the Czech Republic. The provision of Section 538, subsection 2, shall be applied mutatis mutandis.

TITLE IV

COOPERATION OF THE SUPERVISORY AUTHORITIES OF THE MEMBER STATES, THE EUROPEAN SUPERVISORY AUTHORITY AND THE EUROPEAN SYSTEMIC RISK BOARD AND DISPUTE RESOLUTION BETWEEN THE SUPERVISORY AUTHORITIES

Section 575

Provision of information by the Czech National Bank upon request or upon notification

If the supervisory authority of another member state has informed the Czech National Bank that it has reasonable suspicion that the manager of an investment fund or a foreign investment fund that is subject to the supervision of the Czech National Bank has violated its obligation arising from European Union law in the area of investment fund management ^{1), 2)}, the Czech National Bank informs this

supervisory authority and the European Supervisory Authority about the result of the measure taken.

Section 576

Cooperation in the performance of supervision or in an on-site inspection based on the request of the supervisory authority of another Member State

(1) On the basis of a request from a supervisory authority of another member state for cooperation in the performance of supervision, including on-site inspections, the Czech National Bank will carry out the required activity itself or provide cooperation in its implementation to the requesting supervisory authority or experts or auditors authorized by it.

(2) If the Czech National Bank carries out the requested activity itself, it shall allow authorized persons of the requesting supervisory authority to participate.

(3) If the requesting supervisory authority performs the requested activity alone, the Czech National Bank may require that persons authorized by it participate in this activity.

(4) In what follows, the procedure of the Czech National Bank according to subsections 1 to 3 of Articles 6 to 13 of Commission Regulation (EU) No. 584/2010 is defined.

Section 577

Rejection of the request

(1) The Czech National Bank may refuse a request for the provision of information or a request for cooperation in the performance of supervision or during an on-site inspection of the management and administration section of investment funds and foreign investment funds,

a) if such provision could adversely affect the sovereignty or security of the Czech Republic or public order in the Czech Republic,

b) if legal proceedings have been initiated in the Czech Republic on the same matter against the persons to whom the request relates, or

c) if a judgment relating to the same matter and persons to whom the application is concerned has become final.

(2) The Czech National Bank shall inform the requesting supervisory authority of the reasons for rejecting the application pursuant to subsection 1, if it rejects its application.

Section 578

The decision to withdraw the activity permit or to refuse to enter the standard fund in the list

(1) Before making a decision by which the Czech National Bank revokes the license to operate an investment company managing a foreign investment fund comparable to a standard fund, the Czech National Bank shall request the opinion of the supervisory authority of the home country of that fund.

(2) Before making a decision by which the Czech National Bank refuses to register a standard fund in the relevant list to a person pursuant to Section 14, subsection 1, the Czech National Bank shall request the opinion of the supervisory authority of the home country of this person.

(3) The Czech National Bank shall respond to a request from a supervisory authority of another Member State that is substantively comparable to a request for an opinion pursuant to subsection 2

within 10 working days from the day on which this request was received.

Section 579

Resolution of a dispute between supervisory authorities by the European Supervisory Authority

The Czech National Bank may turn to the European Supervisory Authority with a request to resolve a dispute between it and the supervisory authority of another Member State on the basis of Article 19 of the Regulation of the European Parliament and of the Council governing the establishment of the European Supervisory Authority ¹⁵⁾, if

- a) this authority did not comply with her request for cooperation in the performance of supervision or in an on-site inspection within a reasonable period of time,
- b) this authority did not comply with her request for information within a reasonable period of time,
- c) this authority did not provide it with cooperation in the performance of supervision or on-site inspection within a reasonable period of time,
- d) this authority did not agree with it within a reasonable period of time on the exchange of information pursuant to Section 316 subsection 2 letter b) or Section 481 subsection 1 letter f),
- e) does not agree with how this authority assessed the fulfillment of conditions comparable to the conditions listed in Section 318 subsection 2 letter b) or Section 327 subsection 1 letter a) point 5 or 6 by a depositary who is a foreign person pursuant to Section 327 subsection 1 letter a),
- f) does not agree with how this body assessed the fulfillment of conditions comparable to the conditions listed in Section 318 subsection 2 letter a) and b) a manager authorized to exceed the decisive limit based in another member state or a foreign person with a permit comparable to the permit according to Section 481, if it concerns the offering of investments in an investment fund managed by him, whose home state is not a member state,
- g) does not agree with how this authority determined or changed the reference state of the person referred to in Section 481,
- h) does not agree with the fact that this authority granted a permit to a foreign person comparable to the permit according to Section 481,
- i) does not agree, as assessed by this body, that a foreign person who applies for the granting of a permit comparable to the permit according to Section 481, meets the condition specified in Article 37 subsection 7 letter a) to e) or g) of the directive of the European Parliament and the Council regulating managers of alternative investment funds⁵⁾,
- j) does not agree with how this authority allowed or did not allow an exception from the fulfillment of obligations, which is comparable to the exception from the fulfillment of obligations according to Section 492 subsection 1,
- k) does not agree with how this authority took measures based on the notification of the Czech National Bank pursuant to Section 569 subsection 2, Section 570 subsection 1 and 2, Section 573 subsection 1 or Section 574 subsection 1,
- l) does not agree with how this authority has taken measures against the manager of an investment fund or a foreign investment fund, which is authorized to exceed the decisive limit, with a permit to operate according to Section 479, 480 or 481, or

m) this authority has otherwise made it more difficult for it to perform supervision pursuant to this Act.

CHAPTER V

INFORMATION OBLIGATIONS OF THE CZECH NATIONAL BANK

Chapter 1

Information obligations of the Czech National Bank in relation to the European Commission

Section 580

(1) The Czech National Bank shall, through the Ministry of Finance, provide the European Commission with data on

a) the number and types of cases in which, pursuant to Section 329, subsection 5, it refused to communicate the data specified in Section 328, subsection 2 to the supervisory authority of another Member State,

b) the number and types of cases in which it did not allow an investment company or a foreign person with a permit under Section 481 to transfer the mutual fund it manages to the management of a foreign person referred to in Section 14 subsection 1, a

c) corrective measures or other measures or administrative penalties pursuant to this Act imposed on a foreign person referred to in Section 14 subsection 1 pursuant to Section 569 subsection 3 or 4.

(2) The Czech National Bank, through the Ministry of Finance, will provide the European Commission with data on factual and legal difficulties that are usually encountered in non-member states,

a) managers of standard funds or comparable foreign investment funds when offering investments in these funds, or

b) investment companies when managing foreign investment funds, when offering investments in investment funds managed by them and foreign investment funds or when providing investment services.

(3) The Czech National Bank, through the Ministry of Finance, will provide the European Commission with information on the types of bonds and similar securities or book-entry securities representing the right to repay the amount owed, in which up to 25% of the value of the assets of the standard fund can be invested, and on the basic characteristics of any guarantees for these securities or book-entry securities.

(4) The Czech National Bank, through the Ministry of Finance, informs the European Commission of changes in the data it has provided pursuant to Section 663.

(5) The Czech National Bank shall, through the Ministry of Finance, provide the European Commission once a year with data on each manager of investment funds or foreign investment funds that is authorized to exceed the decisive limit, which are not comparable to a standard fund, data on these funds and data on foreign investment funds, in which investments are offered in the Czech Republic; within the scope of the information specified in Article 69 subsection 2 letter a) to f) directive of the European Parliament and the Council regulating managers of alternative investment funds ⁵⁾.

Chapter 2

Information obligations of the Czech National Bank in relation to the European body in view

Section 581

Information about permits

(1) The Czech National Bank shall provide the European supervisory authority on a quarterly basis with data on the granted or withdrawn authorizations for the activities of an investment company authorized to exceed the decisive limit or to manage standard funds, for the activities of a foreign person pursuant to Section 481 and for the activities of a self-managed investment fund that is authorized to exceed the decisive limit or which is a standard fund.

(2) The Czech National Bank shall provide the European supervisory authority with information on the fact that it granted or did not grant, changed or revoked an activity permit to a foreign person pursuant to Section 481. If the Czech National Bank has not granted an activity permit to a foreign person pursuant to Section 481, it shall provide the European supervisory authority with the data necessary to identify the applicant and the reasons for not granting it.

Section 582

Information on cross-border management and implementation of administration

The Czech National Bank will provide the European supervisory authority with information on the fact that a foreign person with a permit pursuant to Section 481 may start to carry out activities in another member state that include the management or administration of a foreign investment fund comparable to a special fund or a fund of qualified investors.

Section 583

Information on cross-border offering of investments

(1) The Czech National Bank shall provide the European supervisory authority with information on the fact that an investment company authorized to exceed the applicable limit or a foreign person with a permit pursuant to Section 481

a) may, in accordance with Section 320 subsection 1, Section 321 subsection 1, Section 325 subsection 1 or Section 326, start offering investments in a foreign investment fund whose home state is not a member state in the Czech Republic or in another member state,

b) intends to start offering investments in another foreign investment fund whose home state is not a member state in the Czech Republic or in another member state, or

c) intends to stop offering investments in a foreign investment fund whose home state is not a member state in the Czech Republic or in another member state.

(2) The Czech National Bank shall provide the European supervisory authority with information on the fact that a foreign person with a permit pursuant to Section 481

a) may, in accordance with Section 317 subsection 1, start offering investments in a special fund, a fund of qualified investors or a comparable foreign investment fund in the Czech Republic or in another member state,

b) intends to start offering investments in a special fund, a fund of qualified investors or a comparable foreign investment fund in the Czech Republic or in another member state, and

c) intends to stop offering investments in a special fund, a fund of qualified investors or a comparable foreign investment fund in the Czech Republic or in another member state.

Section 584

Information on a foreign person based in a state that is not a member state

The Czech National Bank shall provide the European supervisory authority with information on the fact that a foreign person with a permit pursuant to Section 481 has violated the obligation imposed by the provisions of this Act or the legal regulation issued on its basis, which implement the directive of the European Parliament and of the Council regulating managers of alternative investment funds⁵⁾, as well as also the provisions of Commission Delegated Regulation (EU) No. 231/2013, while justifying this violation.

Section 585

Informing the European Supervisory Authority in case of reasonable suspicion

If the Czech National Bank reasonably suspects that the manager of an investment fund or a foreign investment fund, which is authorized to exceed the decisive limit, and which is subject to the supervision of the supervisory authority of another member state, has violated its obligation arising from European Union law in the area of alternative fund managers ⁵⁾, ⁶⁾, informs the European supervisory authority about this, while justifying this suspicion.

Section 586

Information provided in relation to the European Commission

The Czech National Bank will provide the European supervisory authority with information on facts in accordance with Section 580 subsections 1 to 4.

Section 587

Setting the conditions for leveraging

(1) The Czech National Bank informs the European Supervisory Authority that it intends to impose on an investment company authorized to exceed the decisive limit, a foreign person with a permit pursuant to Section 481 or a self-managed investment fund authorized to exceed the decisive limit conditions for the use of the leverage effect or restrictions that they are obliged to comply with for using the leverage effect according to Section 548, usually 10 working days before this restriction is to be effective. In this information, the Czech National Bank will also state

- a) details of the proposed measure according to Section 548,
- b) the reasons why it should be accepted, and
- c) when this measure is to be effective.

(2) The Czech National Bank informs the European Supervisory Authority if it intends to impose conditions for the use of the leverage effect or restrictions on the investment company authorized to exceed the decisive limit, a foreign person with a permit pursuant to Section 481 or a self-managed investment fund authorized to exceed the decisive limit, which they are obliged to comply with for the use of leverage according to Section 548, which is contrary to the opinion of the European supervisory authority, while justifying the adoption of such a measure.

Section 588

Measures of a general nature

The Czech National Bank informs the European Supervisory Authority about the nature of the measure of a general nature adopted pursuant to Section 557.

Section 589

Instructions and recommendations

The Czech National Bank shall notify the European supervisory authority within 2 months of the issuance of its instruction or recommendation whether it will comply with this instruction or recommendation; if the Czech National Bank does not intend to follow it, it will inform the European supervisory authority why it does not intend to follow it.

Chapter 3

Information obligations of the Czech National Bank in relation to the European Council for Systemic Risks

Section 590

The Czech National Bank will also provide the data referred to in Section 587(1) to the European Council for Systemic Risks.

Chapter 4

Information obligations of the Czech National Bank in relation to the competent supervisory authorities of other member states

Section 591

Informing the supervisory authority of another member state in case of reasonable suspicion

If the Czech National Bank reasonably suspects that the manager of a foreign investment fund, which is subject to the supervision of a supervisory authority of another member state, has violated its obligation arising from European Union law in the area of investment fund management ^{1), 2)}, it informs this supervisory authority of this and the supervisory authority of the Member State concerned by this reasonable breach of duty; duly justify this suspicion.

Section 592

Information obligation on remedial measures

The Czech National Bank shall inform the supervisory authority of another Member State that granted the permit to the foreign person referred to in Section 14 without undue delay about the nature of the corrective measure or other measure or administrative penalty imposed pursuant to Section 569 subsection 3 or Section 570 subsection 3.

Section 593

Information in the case of investment funds that are not a standard fund

(1) The Czech National Bank informs the supervisory authority of another member state in

which investments are offered in an investment fund that is not a standard fund, or in a comparable foreign investment fund managed by an investment company authorized to exceed the decisive limit or a foreign person with a permit pursuant to Section 481, on the fact that investments in this fund may not be offered in member states.

(2) The Czech National Bank shall provide the supervisory authority of the home state of a foreign investment fund, which is not comparable to a standard fund, with information that an investment company authorized to exceed the decisive limit or a foreign person with a permit pursuant to Section 481 may start offering investments in this fund in the Czech republic or in another member state.

Section 594

Determining the conditions for leveraging

The Czech National Bank will also provide the data specified in Section 587, subsection 1, to the supervisory authority of the member state of the foreign investment fund.

Information in the case of standard funds

Section 595

Articles 12 and 13 of Commission Regulation (EU) No. 584/2010 define when the Czech National Bank informs the supervisory authority of another member state in cases of offering investments in standard funds and the activities of managers of standard funds.

(2) The Czech National Bank shall provide the supervisory authority of the home country of the feeder fund, which is a foreign investment fund comparable to a standard fund, with information on every decision or measure relating to the master fund of this feeder fund or the manager, administrator, depository or auditor of this master fund, which it learns about from its activities or which it makes or stores itself, and also about every fact that it learns about from the manager, administrator, depository or auditor of this master fund.

TITLE VI

LISTS

Section 596

The Czech National Bank maintains lists

- a) investment companies,
- b) managers based in a foreign country who are authorized to manage an investment fund,
- c) main administrators,
- d) investment fund depositories,
- e) persons listed in Section 15 subsection 1, who are required to be entered in the list,
- f) persons who may be appointed liquidator of an investment company, collective investment fund with legal personality and main administrator, and

g) persons who may be appointed as a forced administrator of an investment company that manages a collective investment fund or a comparable foreign investment fund, and a collective investment fund with legal personality.

Section 597

The Czech National Bank also maintains lists

- a) investment funds with legal personality,
- b) mutual funds,
- c) investment funds having the legal form of a trust fund and
- d) foreign investment funds in which investments may be offered in the Czech Republic.

Section 598

List management

(1) Lists according to Sections 596 and 597 are kept in electronic form, in the public administration information system. The administrator of this system is the Czech National Bank, which also determines the scope and structure of these lists, as well as what data from the lists will be published.

(2) Recorded data on the specified strategy, which are part of the list maintained pursuant to Section 596 letter e), defines Article 5, subsection 2 of the directly applicable regulation of the European Union, which implements the Directive of the European Parliament and the Council regulating managers of alternative investment funds ⁶⁾. Part of the list kept according to Section 597 letter a) the data are also necessary to identify the sub-fund, if such an investment fund creates sub-funds.

(3) The Czech National Bank shall publish on its website the data from the lists pursuant to Sections 596 and 597 in the Czech and English languages so that they are publicly accessible.

(4) The lists pursuant to Sections 596 and 597 maintained by the Czech National Bank pursuant to this Act are not public registers or public lists.

PART FIFTEEN

OFFENSES

TITLE I

OFFENSES BY LEGAL AND ENTREPRENEURIAL NATURAL PERSONS

Chapter 1

Offenses of the manager

Section 599

- (1) The manager of an investment fund or a foreign investment fund commits an offense by

- a) fails to fulfill any of the obligations or violates any of the prohibitions according to Articles 3 to 38 of Commission Regulation (EU) No. 583/2010, Article 1 and Annex I of Commission Regulation (EU) No. 584/2010, Articles 2 to 111 Commission Delegated Regulation (EU) No. 231/2013, as amended, Articles 5, 6, Article 7 letter a) or b) or Articles 12 to 14a of Regulation (EU) No. 345/2013 of the European Parliament and of the Council, as amended, Articles 5, 6, Article 7 letter a) or b) or Articles 13 to 15a of the European Parliament and Council Regulation (EU) No. 346/2013, as amended, Articles 3 to 31 of the European Parliament and Council Regulation (EU) 2015/760, as amended, Article 13 or 14 of Regulation (EU) 2015/2365 of the European Parliament and of the Council, Articles 2 to 24 of Commission Delegated Regulation (EU) No. 438/2016, as amended, according to Articles 4 to 6, 9 to 21 or Article 23 to 36 of Regulation (EU) 2017/1131 of the European Parliament and of the Council, as amended, according to Articles 3 to 13 of Regulation of the European Parliament and of the Council (EU) 2019/2088²¹⁾, or according to Articles 5 to 7 of the Regulation of the European Parliament and of the Council (EU) 2020/852²²⁾ in relation to the performance of activities that include the management of an investment fund or a foreign investment fund,
- b) in violation of Section 18, does not manage this fund with professional care,
- c) in violation of Section 19, subsection 1, does not perform the activity properly or prudently,
- d) in violation of Section 19, subsection 2, does not introduce, maintain or apply a management and control system,
- e) does not ensure that its management and control system meets the requirements arising from Section 20 subsection 1, 2 or 3,
- f) does not act in accordance with Section 20 subsection 4,
- g) does not establish, maintain or apply a reporting mechanism according to Section 20a,
- h) does not ensure that its personnel resources meets the requirements arising from Section 21,
- i) violates any of the rules of conduct arising from Section 22,
- j) entrusts another with the performance of an individual activity, which includes the management of this fund, in violation of any of the conditions specified in Sections 23 to 25,
- k) when performing any of the activities listed in Section 11 subsection 1 letter c) to f) fails to fulfill any of the obligations arising from Section 33 subsection 1 or violates the prohibition according to Section 33 subsection 2,
- l) disposes of the funds of this fund in violation of Section 74 subsection 2 or 3,
- m) fails to fulfill any of the obligations specified in Section 76 or 673 after the termination of the relevant depository agreement,
- n) in violation of Section 88, subsection 3, does not inform the relevant depository about the creation or termination of the obligation from the contract referred to in Section 8, subsection 1,
- o) fails to provide the Czech National Bank with any of the documents pursuant to Section 455 subsection 1, or
- p) fails to notify the Czech National Bank of any of the data or any of the facts in accordance with Section 458, Section 459 subsection 1, Section 460 subsection 1, Section 461 subsection 3 or 4, Section 462, 463, Section 464 subsection 1, Section 466, Section 467 subsection 2 of the first sentence, Section 467 subsection 5 or 6, Section 468, 469, Section 471 subsection 1, Section 473 or Section 475 subsection

1.

(2) A manager who is not authorized to exceed the decisive limit, which only manages funds of qualified investors and comparable foreign investment funds, commits an offense by failing to fulfill any of the obligations stipulated in Articles 7 to 10 or Articles 12 and 13 of Regulation (EU) No. 345/2013 of the European Parliament and of the Council, as amended.

(3) The manager referred to in Section 34, subsection 1, commits an offense by

- a) does not ensure the disclosure of any of the data referred to in Section 34 subsection 1 and 2 and Section 35 subsection 1 letter a) to e),
- b) is not requested by the statutory body of the controlled legal entity pursuant to Section 36 subsection 1, 3 or 4,
- c) does not ensure the inclusion of the data referred to in Section 34 subsection 2 in the annual report of the investment fund managed by him, if he proceeds according to Section 234 subsection 2 letter d), or
- d) does not notify the Czech National Bank of any of the data pursuant to Section 471, subsection 2.

(4) The manager referred to in Section 34, subsection 1 or Section 35, subsection 3 commits an offense by

- a) does not ensure the disclosure of any of the data referred to in Section 35 subsection 1 letter f) to h),
- b) is not requested by the statutory body of the controlled legal entity pursuant to Section 36 subsection 2,
- c) does not prevent actions or facts according to Section 37 subsection 1, or
- d) does not notify the Czech National Bank of any of the data pursuant to Section 471, subsection 3.

(5) An investment fund manager commits an offense by

becomes the depository of this fund in violation of Section 61,

- b) does not issue or update the statute of this fund in violation of Section 189,
- c) values the assets or debts of this fund without having created the organizational prerequisites according to Section 195,
- d) does not mention the word "fund" in the name of this fund in violation of Section 634, subsection 5, or
- e) does not ensure that his name or the name of this fund meets the requirements according to Section 635.

(6) For an offense according to subsection 1 letter g), k), l), m), n), o) or p), subsections 3, 4 or 5 can be fined up to

- a) CZK 150,000,000,
- b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000, or

c) the amount of twice the amount of unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000.

(7) For an offense according to subsection 1 letter a), b), c), d), e), f), h), i) or j) or subsection 2 can be fined up to

a) CZK 300,000,000,

b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 300,000,000, or

c) the amount of twice the amount of the unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of the unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 300,000,000.

(8) For an offense according to subsection 1, 2, 3, 4 or 5, instead of a fine or together with a fine, it is possible to order the publication of information about the nature of the illegal act and which person acted in that way.

Section 600

(1) The manager of a collective investment fund commits an offense by

a) changes the investment strategy of this fund in violation of Section 207,

b) does not disclose the fact according to Section 213,

c) does not introduce, maintain or apply any of the rules, techniques or limits according to Section 215 subsection 1, or

d) does not ensure that the statute of this fund contains information according to Section 219 or 220.

(2) A manager of a collective investment fund and a manager of a fund of qualified investors authorized to exceed the determined limit commits an offense by failing to ensure exactly one depository for this fund in violation of Section 68 or Section 83, subsection 1.

(3) A manager of a fund of qualified investors who is not authorized to exceed the determined limit commits an offense by failing to ensure at least one depository for this fund, contrary to Section 83, subsection 1.

(4) The manager of an investment fund for which the prime broker performs services or whose assets he holds commits an offense by failing to provide the necessary data or documents to the relevant depository by the prime broker, contrary to Section 89.

(5) The manager of a partial fund commits an offense by

a) does not ensure that the designation of the mutual fund meets the requirements according to Section 104, 129 or 143,

b) when changing the type or form of share certificates or withdrawing share certificates from trading on the European regulated market, he acts in violation of Sections 123 to 125,

c) contrary to Section 134 subsection 3 does not draw up a record of its decision to suspend the issuance or redemption of share certificates,

d) fails to monetize property or fulfill debts pursuant to Section 376, subsection 1, or

e) does not provide information in the articles of association according to Section 428, subsection 1 or Section 432, subsection 1.

(6) For an offense according to subsection 1 letter b) or d), subsections 2, 3, 4 or 5 can be fined up to

a) CZK 150,000,000,

b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000, or

c) the amount of twice the amount of unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000.

(7) For an offense according to subsection 1 letter a) or c) can be fined until

a) CZK 300,000,000,

b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 300,000,000, or

c) the amount of twice the amount of the unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of the unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 300,000,000.

(8) For a violation according to subsection 1, 2, 3, 4 or 5, instead of a fine or together with a fine, it is possible to order the publication of information about the nature of the illegal act and which person acted in this way.

Section 601

(1) The manager of an investment fund as a trust commits an offense by not ensuring that the designation of this fund meets the requirements under Section 104, and the manager of an investment fund that is a joint-stock company with variable share capital commits an offense by not ensuring that the designation of its sub-funds met the requirements according to Section 166 subsection 1 or Section 104.

(2) The manager of a special fund or a comparable foreign investment fund, which uses the leverage effect, commits an offense by not certifying to the Czech National Bank, at its request, any of the facts pursuant to Section 218.

(3) The manager of a feeder fund commits an offense by

a) invests in violation of Section 248 subsection 1,

b) does not control the performance of the activities of the manager of the master fund in accordance with Section 248, subsection 2, or

c) does not transfer the information according to Section 256 to the depository of this fund.

(4) The manager of the master fund commits an offense by failing to inform the manager of the feeder fund, the administrator of the feeder fund, the depository of the feeder fund, the Czech National Bank or the competent supervisory authority of another member state, in violation of Section 255, subsection 2.

(5) The manager of a collective investment fund, which, according to its statute, invests in real estate or by participating in a real estate company, commits an offense by failing to establish a committee of experts pursuant to Section 268.

(6) The manager of a foreign investment fund comparable to a special fund commits an offence by failing to comply with the obligation to provide information pursuant to Section 297 subsection 5.

(7) For an offense according to subsection 1 or 2, subsection 3 letter b) or c), subsections 4, 5 or 6 can be fined up to

a) CZK 150,000,000,

b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000, or

c) the amount of twice the amount of unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000.

(8) For an offense according to subsection 3 letter a) a fine can be imposed until

a) CZK 300,000,000,

b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 300,000,000, or

c) the amount of twice the amount of the unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of the unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 300,000,000.

(9) For an offense according to subsection 1, 2, 3, 4, 5 or 6, instead of a fine or together with a fine, it is possible to order the publication of information about the nature of the illegal act and which person acted in this way.

Section 602

(1) A qualified investor fund manager commits an offense by failing to introduce, maintain or apply any of the rules, techniques or limits pursuant to Section 284 subsection 1.

(2) The manager of a fund of qualified investors or a comparable foreign investment fund authorized to exceed the decisive limit, which uses the leverage effect, commits an offense by not certifying to the Czech National Bank the fact pursuant to Section 287.

(3) The manager of a mutual fund or a foreign standard fund comparable to a mutual fund that was created through a merger commits an offense by not notifying the depository of this fund of the fact

pursuant to Section 393, subsection 1.

(4) The manager of a mutual fund, or of a foreign investment fund comparable to a standard fund, which was created as a result, commits an offense by not providing a monetary settlement pursuant to Section 396, subsection 1.

(5) The manager of the receiving standard fund or the receiving foreign investment fund comparable to the standard fund commits an offense by not notifying the depositary of this fund of the fact pursuant to Section 409 subsection 1.

(6) A fine of up to

a) CZK 150,000,000,

b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000, or

c) the amount of twice the amount of unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000.

(7) A fine of up to

a) CZK 300,000,000,

b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 300,000,000, or

c) the amount of twice the amount of the unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of the unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 300,000,000.

(8) For an offense according to subsection 1, 2, 3, 4 or 5, instead of a fine or together with a fine, it is possible to order the publication of information about the nature of the illegal act and which person acted in this way.

Section 603

(1) The manager of the receiving mutual fund or the receiving foreign investment fund comparable to a standard fund commits an offense by not providing a monetary settlement in accordance with Section 412 subsection 1.

(2) The manager of a joint-stock company, into which a mutual fund has been converted, commits an offense by not providing a monetary settlement in accordance with Section 423, subsection 1.

(3) The manager of a feeder fund commits an offense by investing the funds of this fund in violation of Section 433, subsection 3.

(4) A person who performs an activity comparable to the activity of a manager for a converted investment fund without legal personality commits an offense by failing to provide monetary compensation in accordance with Section 453 subsection 1.

(5) A manager of a standard fund who proceeds according to Section 666 to 675 commits an offense by failing to fulfill any of the obligations according to Section 671, subsection 1.

(6) A fine of up to

a) CZK 150,000,000,

b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000, or

c) double the amount of the unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of the unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000.

(7) For an offense under subsection 3, a fine may be imposed up to

a) CZK 300,000,000,

b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 300,000,000, or

c) the amount of twice the amount of the unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of the unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 300,000,000.

(8) For an offense according to subsection 1, 2, 3, 4 or 5, instead of a fine or together with a fine, it is possible to order the publication of information about the nature of the illegal act and which person acted in this way.

Chapter 2

Administrator offenses

Section 604

(1) The administrator of an investment fund at or of a foreign investment fund commits an offense by

a) fails to fulfill any of the obligations or violates any of the prohibitions according to Articles 3 to 38 of Commission Regulation (EU) No. 583/2010, Article 1 and Annex I of Commission Regulation (EU) No. 584/2010, Articles 2 to 111 Commission Delegated Regulation (EU) No. 231/2013, as amended, Articles 5, 6, Article 7 letter a) or b) or Articles 12 to 14a of Regulation (EU) No. 345/2013 of the European Parliament and of the Council, as amended, Articles 5, 6, Article 7 letter a) or b) or Articles 13 to 15a of the European Parliament and Council Regulation (EU) No. 346/2013, as amended, Articles 3 to 31 of the European Parliament and Council Regulation (EU) 2015/760, as amended, Article 13 or 14 of Regulation (EU) 2015/2365 of the European Parliament and of the Council, Articles 2 to 24 of Commission Delegated Regulation (EU) No. 438/2016, as amended, according to Articles 4 to 6, 9 to 21 or Article 23 to 36 of Regulation (EU) 2017/1131 of the European Parliament and of the Council, as amended, according to Articles 3 to 13 of Regulation of the European Parliament and of the Council (EU) 2019/2088²¹⁾, or according to Articles 5 to 7 of the Regulation of the European Parliament and of the Council (EU) 2020/852²²⁾ in relation to the performance of activities that include the administration of an investment fund or a foreign investment fund,

- b) in violation of Section 45, does not administer this fund with professional care,
- c) in violation of Section 46, subsection 1, does not perform the activity properly and prudently,
- d) in violation of Section 46, subsection 2, does not introduce, maintain or apply a management and control system,
- e) does not ensure that its management and control system meets the requirements arising from Section 47, subsection 1, 2 or 3,
- f) does not act in accordance with Section 47 subsection 4,
- g) does not establish, maintain or apply a reporting mechanism according to Section 47a and 20a,
- h) does not ensure that its personnel resources meets the requirements arising from Section 48,
- i) violates any of the rules of conduct arising from Section 49,
- j) entrusts another with the performance of an individual activity, which includes the administration of this fund, in violation of any of the conditions specified in Sections 50 to 52,
- k) does not ensure record keeping according to Section 54,
- l) fails to provide the Czech National Bank with any of the documents pursuant to Section 455, Subsection 2 or Section 457,
- m) fails to notify the Czech National Bank of any of the data or any of the facts in accordance with Sections 456, 457, Section 459 subsection 2, Section 460 subsection 2, Section 467 subsection 2, second sentence, Section 467 subsection 3 or Section 475 subsection 2, or
- n) does not inform the consumer in textual form of the fact according to Section 1843 of the Civil Code before the conclusion of the contract or before the consumer makes a binding offer.

(2) The administrator of a fund of qualified investors or a comparable foreign investment fund managed by the manager referred to in Section 28 commits an offense by failing to fulfill any of the obligations in the scope of the administration of this fund in violation of Section 56, Section 291 subsection 2 or Section 293 subsection 2 stipulated in Articles 7 to 13 of the directly applicable regulation of the European Union governing venture capital funds⁷⁾.

(3) A mutual fund administrator commits an offense by

- a) does not keep a list of shareholders in accordance with Section 109, Section 110 subsection 2 or Section 111,
- b) keeps accounts in violation of Section 114,
- c) does not ensure the publication of any of the documents or facts pursuant to Section 137 subsection 1 or Section 138,
- d) does not pay the shareholders their shares in the liquidation balance according to Section 376 subsection 2,
- e) does not apply for removal from the list of mutual funds pursuant to Section 376 subsection 4,
- f) fails to ensure the preservation of documents in accordance with Section 376 subsection 5,

- g) does not publish information according to Section 428 subsection 3, or
- h) does not draw up an extraordinary financial statement according to Section 434.

(4) An investment fund administrator commits an offense by

- a) entrusts another with the valuation of the assets or debts of this fund in violation of Section 197 subsection 1, Section 198 subsection 1 or Section 199,
- b) does not publish information according to Section 432, subsection 3,
- c) does not notify the Czech National Bank of the fact pursuant to Section 465, or
- d) does not ensure that his name meets the requirements under Section 635.

(5) An administrator of a collective investment fund commits an offense by

- a) does not publish any of the documents or data pursuant to Section 222, Section 233 subsection 1 or Section 237 subsection 1,
- b) fails to provide the investor with any of the documents or data pursuant to Section 224 subsection 1, Section 225, 226, 231, 232 or Section 233 subsection 3,
- c) does not prepare a communication of key information according to Sections 227 to 230, an annual report of this fund according to Section 234 or a half-yearly report of this fund according to Section 238,
- d) in violation of Section 228, does not update any of the data specified in the communication of key information, or
- e) does not provide the unitholder or shareholder of this fund with any of the documents pursuant to Section 233 subsection 2 or Section 237 subsection 2.

(6) For an offense according to subsection 1 letter g), l), m) or n), subsections 2, 3, 4 or 5 can be fined up to

- a) CZK 150,000,000,
- b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000, or
- c) the amount of twice the amount of unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000.

(7) For an offense according to subsection 1 letter a), b), c), d), e), f), g), h), i), j) or k) may be fined up to

- a) CZK 300,000,000,
- b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 300,000,000, or

c) the amount of twice the amount of the unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of the unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 300,000,000.

(8) For a violation pursuant to subsection 1, 2, 3, 4 or 5, instead of a fine or together with a fine, the publication of information on the nature of the illegal act and which person acted in this way can be ordered.

Section 605

(1) The administrator of a collective investment fund, which has the legal form of a joint-stock company, commits an offense by failing to publish the articles of association of this fund in violation of Section 223.

(2) The administrator of a standard fund, a special fund that is an open-ended mutual fund or a joint-stock company with variable share capital, or a comparable foreign investment fund, if investments in this fund are offered in the Czech Republic, commits an offense by failing to publish any from the data according to Section 239.

(3) An administrator of a collective investment fund who does not buy back the securities issued by him or the securities entered in the books, or of a comparable foreign investment fund, if investments in this fund are offered in the Czech Republic, commits an offense by failing to publish any of the data pursuant to Section 240.

(4) The administrator of a special fund, a fund of qualified investors or a comparable foreign investment fund, whose manager is authorized to exceed the determined limit, commits an offense by

a) does not make available to the investor any of the data pursuant to Section 241, subsection 1, 3 or 4, or

b) in violation of Section 241, subsection 2, does not update any of the data.

(5) The administrator of a collective investment fund or a comparable foreign investment fund commits an offense by preparing a promotional communication of this fund in violation of Section 243 or Article 4 of Regulation (EU) 2019/1156 of the European Parliament and of the Council.

(6) A fine of up to

a) CZK 150,000,000,

b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000, or

c) the amount of twice the amount of unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000.

(7) For an offense according to subsection 1, 2, 3, 4 or 5, instead of a fine or together with a fine, the publication of information on the nature of the illegal act and which person acted in this way can be ordered.

Section 606

(1) The administrator of a feeder fund commits an offense by

- a) fails to provide the investor with a document pursuant to Section 224, subsection 2, Section 244 in the promotional communication of this fund,
- c) fails to publish a notice pursuant to Section 249, subsection 1,
- d) does not provide the unitholder or shareholder of this fund with a statement or any of the data pursuant to Section 249, subsection 2,
- e) deducts the amount in violation of Section 250 subsection 1, or
- f) does not provide the unitholder or shareholder of this fund or a person in a comparable position with a document pursuant to Section 251, subsection 3.

(2) An administrator of a fund of qualified investors, whose manager is authorized to exceed the decisive limit, commits an offense by

- a) does not prepare the annual report of this fund in accordance with Section 290 subsection 1 or Section 291,
- b) fails to provide the partner or shareholder with the annual report of this fund in violation of Section 290, subsection 2, or
- c) fails to provide the investor with the data pursuant to Section 290, subsection 3, at his request.

(3) The administrator of a foreign investment fund comparable to a standard fund, if investments in this fund are offered in the Czech Republic, commits an offense by

- a) does not publish any of the documents or data according to Section 307, or
- b) fails to notify the Czech National Bank of any of the data or any of the facts in accordance with Section 461 subsection 1 or 2.

(4) The administrator of a standard fund, which is to be abolished by merger or amalgamation, commits an offense by failing to process, publish or provide a communication pursuant to Section 388 or 404.

(5) The administrator of a mutual fund, which is to be abolished by merger or amalgamation, commits an offense by not publishing any of the documents or notifications pursuant to Section 391, subsection 1 or Section 407, subsection 1.

(6) For an offense according to subsections 1 to 5, a fine can be imposed up to

- a) CZK 150,000,000,
- b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000, or
- c) the amount of twice the amount of unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000.

(7) For an offense according to subsection 1, 2, 3, 4 or 5, instead of a fine or together with a

fine, it is possible to order the publication of information about the nature of the illegal act and which person acted in this way.

Section 607

(1) The administrator of a mutual fund, which was created through a merger, commits an offense by not ensuring the exchange in accordance with Section 395.

(2) The administrator of the receiving mutual fund commits a misdemeanor by not ensuring the exchange in accordance with Section 411.

(3) The administrator of the mutual fund being converted commits an offense by failing to publish any of the documents pursuant to Section 420, subsection 1, or the notification pursuant to Section 420, subsection 2, first sentence.

(4) The administrator of the joint-stock company into which the mutual fund was converted commits an offense by not ensuring the exchange in accordance with Section 422.

(5) The administrator of the master fund commits an offense by

a) does not send a notification in accordance with Section 435 subsection 2, or

b) fails to notify the Czech National Bank of any of the data or any of the facts in accordance with Section 470 subsection 3.

(6) A fine of up to

a) CZK 150,000,000,

b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000, or

c) the amount of twice the amount of unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000.

(7) For an offense according to subsection 1, 2, 3, 4 or 5, instead of a fine or together with a fine, information can be ordered to be published on the nature of the illegal act and which person acted who.

Section 608

(1) The administrator of the converted collective investment fund commits an offense by failing to publish any of the documents pursuant to Section 450 subsection 1.

(2) The administrator of the converted fund of qualified investors commits an offense by not publishing the conversion project in accordance with Section 450 subsection 2.

(3) The administrator of the mutual fund being converted commits an offense by failing to publish a notification pursuant to Section 450, subsection 3.

(4) The administrator of a feeder fund, whose master fund is a foreign investment fund, commits an offense by

a) fails to provide the Czech National Bank with any of the documents pursuant to Section 455, subsection 3 or Section 470, subsection 1 or 2, or

b) fails to notify the Czech National Bank of any of the data or any of the facts in accordance with Section 470 subsection 1 or 2.

(5) A fine of up to

a) CZK 150,000,000,

b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000, or

c) the amount of twice the amount of unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000.

(6) For an offense according to subsection 1, 2, 3 or 4, instead of a fine or together with a fine, the publication of information on the nature of the illegal action and which person acted in this way can be ordered.

Chapter 3

Offenses of the manager and administrator

Section 609

(1) The manager of the master fund and the administrator of the master fund commit an offense by applying a deduction, surcharge or fee in violation of Section 253, subsection 2.

(2) A mutual fund manager and a mutual fund administrator commits an offense by failing to meet any of the conditions imposed by the Czech National Bank pursuant to Section 428, subsection 2 or Section 432, subsection 2.

(3) A fine of up to

a) CZK 150,000,000,

b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000, or

c) the amount of twice the amount of unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000.

(4) For an offense according to subsection 1 or 2, instead of a fine or together with a fine, it is possible to order the publication of information about the nature of the illegal act and which person acted in this way.

Chapter 4

Offenses of an investment fund with legal personality, an investment company, a self-managed investment fund, a foreign person with the permission of the Czech National Bank and the main

administrator

Section 610

(1) An investment fund with legal personality commits an offense by manages another investment fund or a foreign investment fund in violation of Section 8 subsection 3, or performs the administration of another investment fund or foreign investment fund in violation of Section 40, subsection 3.

(2) The investment company referred to in Section 29 subsection 1 letter a) or b), self-managed investment fund referred to in Section 29 subsection 2 letter a) or b) and a foreign person with a permit according to Section 481 referred to in Section 29 subsection 1 letter c) or Section 29 subsection 2 letter (c) commits an offense by

a) does not maintain the capital in the amount according to Section 30 subsection 1, or

b) does not increase the capital according to Section 31, subsection 1.

(3) An investment company, a self-managed investment fund and a foreign person with a permit pursuant to Section 481 commits an offense by failing to ensure that his or her capital does not fall below the minimum amount of initial capital, contrary to Section 30, subsection 3.

(4) The investment company referred to in Section 29 subsection 1 letter b), self-managed investment fund referred to in Section 29 subsection 2 letter b) and a foreign person with a permit according to Section 481 referred to in Section 29 subsection 1 letter c) or in Section 29 subsection 2 letter c) commits a misdemeanor by failing to fulfill the obligation under Section 31, subsection 5.

(5) A fine of up to

a) CZK 150,000,000,

b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000, or

c) the amount of twice the amount of unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000.

(6) For an offense according to subsection 1, 2, 3 or 4, instead of a fine or together with a fine, the publication of information on the nature of the illegal act and which person acted in that way can be ordered.

Section 611

(1) An investment company authorized to exceed the decisive limit and a foreign person with a permit pursuant to Section 481, which is not comparable to a self-managed investment fund, commits an offense by placing capital in violation of Section 32, subsection 1.

(2) A self-managed investment fund authorized to exceed the decisive limit and a foreign person with a permit according to Section 481, which is comparable to a self-managed investment fund, commits an offense by placing the property with which the capital was increased, in violation of Section 32, subsection 2.

(3) The main administrator commits an offense by failing to ensure that his capital does not fall below the minimum amount of initial capital set forth in Section 57.

(4) An investment company authorized to manage standard funds and comparable foreign investment funds or authorized to exceed the applicable limit and a foreign person with a permit pursuant to Section 481, which is not comparable to a self-managed investment fund, commits an offense by not notifying the Czech National Bank of the fact pursuant to Section 331 subsection 1 or 2 or Section 335 subsection 1 or 2.

(5) An investment company, a self-managed investment fund, a foreign person authorized pursuant to Section 481 and a main administrator commits an offense by failing to notify the Czech National Bank of a change pursuant to Section 467 subsection 1, first sentence.

(6) A foreign person with an authorization pursuant to Section 481 commits an offence by failing to notify the Czech National Bank that it has been granted a comparable authorization by a supervisory authority of another Member State pursuant to Section 467 subsection 1, second sentence.

(7) An offence referred to in subsections 1 to 6 shall be punishable by a fine up to

a) CZK 150,000,000,

b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000, or

c) the amount of twice the amount of unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000.

(8) For an offense according to subsection 1, 2, 3, 4, 5 or 6 instead of a fine or together with a fine, the publication of information on the nature of the illegal act and which person acted in this way can be ordered.

Chapter 5

Misdemeanors of depository and principal sponsor

Section 612

(1) The depository of an investment fund commits an offense by

Section 62 when performing the activities of a depository,

b) provides an investment instrument in violation of Section 63,

c) does not introduce, maintain or apply the procedures according to Section 64 subsection 1,

d) does not report the fact according to Section 64 subsection 2,

e) performs an activity, the performance of which may result in a conflict of interests, without having established the organizational prerequisites according to Section 65, subsection 2,

f) values the assets and debts of an investment fund or calculates the current value of a unit certificate or investment share issued by an investment fund without having established the organizational

prerequisites according to Section 65 subsection 3,

g) does not discuss with the manager of this fund the fact according to Section 66,

h) does not establish, maintain or apply a reporting mechanism pursuant to Section 66a and 20a,

i) does not have the prerequisites in accordance with Section 69 subsection 2,

j) does not have the custody of replaceable investment instruments in the assets of this fund in accordance with Section 71 subsection 1 letter a),

k) does not have safekeeping of the assets of this fund, the nature of which allows it, according to Section 71 subsection 1 letter b),

l) does not ensure the registration of the assets of this fund in accordance with Section 71 subsection 1 letter c),

m) does not establish, maintain or record cash accounts, deposit funds or control the movement of funds pursuant to Section 72,

n) does not carry out an inspection pursuant to Section 73 subsection 1 or 3,

o) does not execute the order according to Section 73, subsection 2,

p) does not inform the incoming depository of this fund, does not hand over all documents to him, or does not hand over funds or assets of this fund to him in accordance with Section 75 subsection 1,

q) entrusts another with the performance of a certain individual activity, which includes the activities listed in Section 71, subsection 1, in violation of any of the prerequisites listed in Section 77 or 78,

r) in violation of Section 510 subsection 2, is not entered in the list of depositories of the investment fund,

s) does not notify the Czech National Bank of the fact pursuant to Section 474,

t) fails to fulfill any of the obligations or violates any of the prohibitions according to Articles 3 to 38 of Commission Regulation (EU) No. 583/2010, Article 1 and Annex I to Commission Regulation (EU) No. 584/2010, Articles 2 to 111 Commission Delegated Regulation (EU) No. 231/2013, as amended, Articles 5, 6, Article 7 letter a) or b) or Articles 12 to 14a of Regulation (EU) No. 345/2013 of the European Parliament and of the Council, as amended, Articles 5, 6, Article 7 letter a) or b) or Articles 13 to 15a of the European Parliament and Council Regulation (EU) No. 346/2013, as amended, Articles 3 to 31 of the European Parliament and Council Regulation (EU) 2015/760, as amended, Article 13 or 14 of Regulation (EU) 2015/2365 of the European Parliament and of the Council, Articles 2 to 24 of Commission Delegated Regulation (EU) No. 438/2016, as amended, or pursuant to Articles 4 to 6, 9 to 21 or Article 23 to 36 of Regulation (EU) 2017/1131 of the European Parliament and of the Council, as amended, in relation to the performance of depository activities.

(2) The depository of a standard fund, which proceeds in accordance with Sections 666 to 675, commits an offense by

a) does not have in its custody replaceable investment instruments in the assets of this fund pursuant to Section 669 letter a),

b) does not have safekeeping of the assets of this fund, the nature of which allows it, according to Section 669 letter b),

- c) does not ensure the registration of the property of this fund, the nature of which allows it, according to Section 669 letter c),
- d) does not establish or maintain cash accounts for this fund in accordance with Section 669 letter d),
- e) does not record the movement of funds of this fund in accordance with Section 669 letter e),
- f) does not ensure the settlement of transactions with the assets of the standard fund in accordance with Section 669 letter f),
- g) does not carry out an inspection according to Section 670, subsection 1 or 3,
- h) does not execute the order according to Section 670, subsection 2,
- i) does not inform the incoming depository of this fund, does not hand over all the documents to him, or does not hand over funds or property of this fund to him in accordance with Section 672, subsection 1, or
- j) entrusts another with the performance of certain individual activities, referred to in Section 669 letter a) to c), contrary to any of the prerequisites listed in Section 77 subsection 1 or 2.

(3) The depository of the master fund commits an offense by

- a) does not inform the manager of the feeder fund, the depository of the feeder fund, the Czech National Bank or the competent supervisory authority of another member state pursuant to Section 260, subsection 1, or
- b) does not inform the depository of the feeder fund in accordance with Section 260, subsection 2.

(4) The depository of a mutual fund or a foreign investment fund comparable to a standard fund, which has been abolished by merger, commits an offense by

- a) does not check any of the facts according to Section 393, subsection 2, first sentence, or
- b) does not process the report or does not provide it in accordance with Section 393, subsection 2, second sentence.

(5) The depository of a mutual fund or a foreign investment fund comparable to a standard fund, which was canceled by a merger or which was created by a merger, commits an offense by not checking the compliance of the data according to Section 393, subsection 3.

(6) A fine of up to

- a) CZK 150,000,000,
- b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000, or
- c) the amount of twice the amount of unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000.

(7) For an offense according to subsection 1, 2, 3, 4 or 5, instead of a fine or together with a

fine, information can be ordered to be published on the nature of the illegal act and which person acted who.

Section 613

(1) The depository of a mutual fund that has been abolished by merger commits an offense by

- a) does not check any of the facts according to Section 409, subsection 2, first sentence, or
- b) does not process the report or does not provide it in accordance with Section 409, subsection 2, second sentence.

(2) The depository of a mutual fund or a foreign investment fund comparable to a standard fund, which participates in the merger, commits an offense by not checking the compliance of the data pursuant to Section 409 subsection 3.

(3) A principal promoter of an investment fund commits an offense by

- a) provides an investment instrument in violation of Section 90,
- b) performs the activities of the depository of this fund without meeting the prerequisites according to Section 91, subsection 1, or
- c) does not report the fact according to Section 91, subsection 2.

(4) A fine of up to

- a) CZK 150,000,000,
- b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000, or
- c) the amount of twice the amount of unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000.

(5) For an offense according to subsection 1, 2 or 3, instead of a fine or together with a fine, the publication of information on the nature of the illegal act and which person acted in this way can be ordered.

Chapter 6

Offenses by legal entities and natural persons running businesses

Section 614

(1) A legal entity or a natural person running a business commits an offense by

- a) performs or offers activities pursuant to this Act without authorization, for which the permission of the Czech National Bank, entry in the list kept by the Czech National Bank, consent of the Czech National Bank or notification of the supervisory authority of a member state is required,
- b) provides incorrect information or conceals any fact in connection with a request for a decision, appointment, granting of permission, granting of consent, entry in a list, change of data entered in lists

or withdrawal of permission pursuant to this Act,

c) collects or attempts to collect money or money-valuable things in violation of Section 98 or 205,

d) in violation of Section 99, enables or facilitates another prohibited activity,

e) offers an investment in a fund of qualified investors in violation of Section 272 subsection 1 or 4, Article 6 of the Regulation of the European Parliament and the Council (EU) No. 345/2013 or Article 6 of the Regulation of the European Parliament and the Council (EU) No. 346/2013 or without complying with the requirements under Article 30 (1) or (2) of the Regulation of the European Parliament and the Council (EU) 2015/760, as amended,

f) offers to invest in a special fund, in a fund of qualified investors or in a comparable foreign investment fund before any of the facts according to Sections 309, 311, Section 315 subsection 1, Section 316 subsection 1, Section 317 subsections 1, 2 occur or 3, Section 318 subsection 1, Section 319 subsection 1, Section 320 subsection 1, Section 320 subsection 2 letter c), Section 324 subsection 1 or Section 325 subsection 1 or 3, in violation of the prohibition according to Section 314 subsection 3 second sentence, Section 316 subsection 5 or Section 319 subsection 5 or without making available or updating the data according to Section 241,

g) publicly offers an investment in an investment fund or in a foreign investment fund before any of the facts according to Section 300 subsection 1, Section 301 subsection 1, Section 305 subsection 1, Section 308, 310, Section 315 subsection 2, Section 317 subsection 4, Section 322 subsection 3, Section 323, Section 325 subsection 4 or Section 325a, or in violation of the prohibition under Section 300 subsection 2 or Section 305 subsection 2,

h) fails to cooperate with the liquidator in violation of Section 353,

i) performs the function of a leading person in violation of Section 515,

j) fails to notify the Czech National Bank of any of the facts pursuant to Section 467, subsection 4 or Section 524, subsection 1,

k) uses the words "investment company" in its name, their translation or words derived from them, in violation of Section 634, subsection 1,

l) uses the words "main administrator" in its name, their translation or words derived from them, in violation of Section 634, subsection 2,

m) uses the words "investment fund" in its name, their translation or words derived from them, in violation of Section 634, subsection 3,

n) uses the words "mutual fund" in its name, their translation or words derived from them, in violation of Section 634, subsection 4,

o) in violation of Section 636 subsection 1 or 3, uses the designation "mutual fund", "standard fund", "special fund", "collective investment fund", "SICAV", "SICAF", "ELTIF", "European long-term investment fund", "ETF" in the sense of Section 50f subsection 3 of the Act on business on the capital market, "EuVECA" within the meaning of Article 4 of the Regulation of the European Parliament and the Council (EU) No. 345/2013, "EuSEF" within the meaning of Article 4 of the Regulation of the European Parliament and the Council (EU) No. 346/2013 or "fund of qualified investors" or a form derived from one of these designations, as well as a designation capable of creating a risk of confusion with one of these designations,

p) preliminarily offers to invest in a fund of qualified investors, in a special fund or in a comparable

foreign investment fund in violation of Sections 297a to 297c, Article 4a of Regulation (EU) No. 345/2013 of the European Parliament and of the Council 7) or Article 4a Regulation of the European Parliament and the Council (EU) No. 346/2013 9).

(2) A legal entity or a natural person in business, as a person who has been entrusted with the performance of an individual activity, or as a person who has been entrusted with the performance of an act or certain acts from this activity, commits an offense by

a) entrusts the performance of some act or some other acts in violation of any of the conditions specified in Section 26, subsection 1 or Section 53, subsection 1, or

b) does not check the performance of an act or acts, the performance of which it has authorized another person, according to Section 26, subsection 2 or Section 53, subsection 2.

Section 14, subsection 1, a legal entity or a natural person running a business commits an offense by

a) in violation of Section 44, subsection 1, performs the administration of a standard fund that it does not manage,

b) manages a standard fund without fulfilling any of the conditions according to Section 338 subsection 2 or Section 339, or

c) fails to fulfill any of the obligations listed in Section 340.

Section 14, subsection 2, a legal entity or a natural person running a business commits an offense by

a) in violation of Section 44, subsection 2, administers a special fund or a fund of qualified investors, which it does not manage,

b) manages a special fund or a fund of qualified investors without fulfilling the condition according to Section 342 or 343, or

c) fails to fulfill any of the obligations listed in Section 344.

(5) As a person who is not mentioned in Section 69 or Section 666, a legal entity or an entrepreneurial natural person commits an offense by becoming a depository of an investment fund in violation of Section 69 or Section 666.

(6) For an offense according to subsection 1, 2, 3, 4 or 5, a fine can be imposed up to

a) CZK 150,000,000,

b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000, or

c) the amount of twice the amount of unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000.

(7) For an offense according to subsection 1, 2, 3, 4 or 5, instead of a fine or together with a fine

a) order the publication of information about the nature of the illegal act and which person acted in this

way, or

b) impose a ban on activity instead of publishing the information according to letter a) or together with the publication of information according to letter a), for a period of up to 5 years, if it is an offense according to subsection 1 letter b) or i).

Section 615

Section 86, a legal entity or a natural person who runs a business commits an offense by becoming the prime broker in violation of Section 86.

(2) As a person who values the assets and liabilities of an investment fund, a legal entity or a natural person in business commits an offense by

a) does not use procedures according to Section 194 letter a), or

b) contrary to Section 194 letter b) value the assets and liabilities of the investment fund without being impartial or independent of the person for whom it is valued.

(3) An entrepreneurial natural person, as a member of a committee of experts, commits an offense by acting in the performance of his function in violation of Section 269, subsection 2.

(4) As a liquidator of an investment company, a legal entity or a natural person in business commits an offense by failing to perform his function with professional care in violation of Section 348.

(5) An entrepreneurial natural person, as a person referred to in Section 515, commits an offense by not notifying the Czech National Bank of a fact pursuant to Section 476.

(6) A fine of up to

a) CZK 150,000,000,

b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000, or

c) the amount of twice the amount of unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000.

(7) For an offense according to subsection 1, 2, 3, 4 or 5, instead of a fine or together with a fine, it is possible to order the publication of information about the nature of the illegal action and which person acted in this way.

Section 616

(1) As a person who, without the prior consent of the Czech National Bank, acquires or increases a qualified participation in an investment company, a self-managed investment fund or the main administrator, or controls them, a legal entity or a natural person who runs a business commits an offense by violating Section 521 subsection 2 does not notify the Czech National Bank of this fact or ask for its approval.

(2) As a person who has been ordered to take remedial measures, a legal entity or a natural person who runs a business commits an offense by not notifying the Czech National Bank of the method of eliminating deficiencies or arranging remedial action, contrary to Section 538, subsection 2.

(3) As a forced manager of an investment company or an investment fund, a legal entity or an entrepreneurial natural person commits an offense by

- a) in violation of Section 563, subsection 1, does not perform its function with professional care, or
- b) performs any of the actions listed in Section 565, subsection 1, without the prior consent of the Czech National Bank.

(4) A legal entity, as a person referred to in Section 15 subsection 1, commits an offense by

- a) in violation of Section 15, subsection 1, sentence three, he exceeds the decisive limit without fulfilling any of the obligations stipulated in Section 17, subsections 1 to 4,
- b) fails to submit an auditor's report to the Czech National Bank pursuant to Section 15 subsection 6, second sentence,
- c) does not notify the Czech National Bank of any of the data or any of the facts in accordance with Section 462 or Section 475,
- d) acts in violation of the prohibition according to Section 637 subsection 1, or
- e) fails to fulfill the obligation set forth in Section 637 subsection 2.

(5) For an offense under subsection 1, 2 or 3 or subsection 4 letter a), b) or c) can be fined until

- a) CZK 150,000,000,
- b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000, or
- c) the amount of twice the amount of unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000.

(6) For an offense according to subsection 4 letter d) or e) can be fined until

- a) CZK 300,000,000,
- b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 300,000,000, or
- c) the amount of twice the amount of the unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of the unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 300,000,000.

(7) For an offense according to subsection 1, 2, 3, 4 or 5, instead of a fine or together with a fine, it is possible to order the publication of information about the nature of the illegal act and which person acted in this way.

Section 617

(1) As a person referred to in Section 639, an entrepreneurial natural person commits an offense

by failing to maintain confidentiality in violation of Section 639.

(2) For an offense under subsection 1, a fine may be imposed up to

a) CZK 150,000,000,

b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000, or

c) the amount of twice the amount of unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000.

(3) For an offense according to subsection 1, instead of a fine or together with a fine, the publication of information on the nature of the illegal act and the person who acted in this way can be ordered.

TITLE II

OFFENSES BY NATURAL PERSONS

Section 618

(1) A natural person commits an offense by

a) performs or offers activities pursuant to this Act without authorization, for which the permission of the Czech National Bank, entry in the list kept by the Czech National Bank, consent of the Czech National Bank or notification of the supervisory authority of a member state is required,

b) provides incorrect information or conceals any fact in connection with a request for a decision, appointment, granting of permission, granting of consent, entry in a list, change of data entered in lists, statement or withdrawal of permission pursuant to this Act,

c) collects or attempts to collect money or money-valuable things in violation of Section 98 or 205,

d) in violation of Section 99, enables or facilitates another prohibited activity,

e) offers an investment in a fund of qualified investors in violation of Section 272 subsection 1 or 4, Article 6 of the Regulation of the European Parliament and the Council (EU) No. 345/2013 or Article 6 of the Regulation of the European Parliament and the Council (EU) No. 346/2013 or without complying with the requirements under Article 30 (1) or (2) of the Regulation of the European Parliament and the Council (EU) 2015/760, as amended,

f) offers to invest in a special fund, in a fund of qualified investors or in a comparable foreign investment fund before any of the facts according to Sections 309, 311, Section 315 subsection 1, Section 316 subsection 1, Section 317 subsections 1, 2 occur or 3, Section 318 subsection 1, Section 319 subsection 1, Section 320 subsection 1, Section 320 subsection 2 letter c), Section 324 subsection 1 or Section 325 subsection 1 or 3, in violation of the prohibition according to Section 314 subsection 3 second sentence, Section 316 subsection 5 or Section 319 subsection 5 or without making available or updating the data according to Section 241,

g) publicly offers an investment in an investment fund or a foreign investment fund before any of the facts pursuant to Section 300 subsection 1, Section 301 subsection 1, Section 305 subsection 1, Section 308, 310, Section 315 subsection 2, Section 317 subsection 4, Section 322 subsection 3, Section 323,

Section 325 subsection 4 or Section 325a, or in violation of the prohibition according to Section 300 subsection 2 or Section 305 subsection 2,

h) fails to cooperate with the liquidator in violation of Section 353,

i) performs the function of a leading person in violation of Section 515,

j) fails to notify the Czech National Bank of any of the facts pursuant to Section 467, subsection 4 or Section 524, subsection 1,

k) uses the words "investment company" in its name, their translation or words derived from them, in violation of Section 634, subsection 1,

l) uses the words "main administrator" in its name, their translation or words derived from them, in violation of Section 634, subsection 2,

m) uses the words "investment fund" in its name, their translation or words derived from them, in violation of Section 634, subsection 3,

n) uses the words "mutual fund" in its name, their translation or words derived from them, in violation of Section 634, subsection 4,

o) in violation of Section 636 subsection 1 or 3, uses the designation "mutual fund", "standard fund", "special fund", "collective investment fund", "SICAV", "SICAF", "ELTIF", "European long-term investment fund", ETF" in the context of Section 50f subsection 3 of the Act on Business on the capital market, "EuVECA" within the meaning of Article 4 of the Regulation of the European Parliament and the Council (EU) No. 345/2013, "EuSEF" within the meaning of Article 4 of the Regulation of the European Parliament and the Council (EU) No. 346/2013 or "fund qualified investors" or a form derived from one of these designations, as well as a designation capable of creating a risk of confusion with one of these designations,

p) preliminarily offers to invest in a fund of qualified investors, in a special fund or in a comparable foreign investment fund in violation of Sections 297a to 297c, Article 4a of Regulation (EU) No. 345/2013 of the European Parliament and of the Council 7) or Article 4a of the Regulation of the European Parliament and the Council (EU) No. 346/2013 9).

(2) A natural person, as a person who has been entrusted with the performance of an individual activity, or as a person who has been entrusted with the performance of an act or certain acts from this activity, commits an offense by

a) entrusts the performance of some act or some other acts in violation of any of the conditions specified in Section 26, subsection 1 or Section 53, subsection 1, or

b) does not check the performance of an act or acts, the performance of which it has authorized another person, according to Section 26, subsection 2 or Section 53, subsection 2.

(3) A natural person, as a foreign person referred to in Section 14 subsection 1, commits an offense by

a) in violation of Section 44, subsection 1, performs the administration of a standard fund that it does not manage,

b) manages a standard fund without fulfilling any of the conditions according to Section 338 subsection 2 or Section 339, or

c) fails to fulfill any of the obligations listed in Section 340.

(4) A natural person, as a foreign person referred to in Section 14, subsection 2, commits an offense by

a) in violation of Section 44, subsection 2, administers a special fund or a fund of qualified investors, which it does not manage,

b) manages a special fund or a fund of qualified investors without fulfilling the condition according to Section 342 or 343, or

c) fails to fulfill any of the obligations listed in Section 344.

(5) A natural person, as a person who is not mentioned in Section 69 or 666, commits an offense by becoming a depository of an investment fund in violation of Section 69 or 666.

(6) For an offense according to subsection 1, 2, 3, 4 or 5, a fine can be imposed up to

a) CZK 150,000,000, or

b) twice the amount of the unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of the unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000.

(7) For an offense according to subsection 1, 2, 3, 4 or 5, instead of a fine or together with a fine

a) order the publication of information about the nature of the illegal act and which person acted in this way, or

b) impose a ban on activity instead of publishing the information according to letter a) or together with the publication of information according to letter a), for a period of up to 5 years, if it is an offense according to subsection 1 letter b) or i).

Section 619

(1) A natural person, as a person who is not mentioned in Section 86, commits an offense by becoming the prime broker in violation of Section 86.

(2) As a person who values the assets and liabilities of an investment fund, a natural person commits an offense by

a) does not use procedures according to Section 194 letter a), or

b) contrary to Section 194 letter b) value the assets and liabilities of the investment fund without being impartial or independent of the person for whom it is valued.

(3) A natural person, as a member of a committee of experts, commits an offense by acting in the performance of his/her function in violation of Section 269, subsection 2.

not performing his function with professional care in violation of Section 348.

(5) A natural person, as a person referred to in Section 515, commits an offense by not notifying the Czech National Bank of a fact pursuant to Section 476.

(6) A fine of up to

a) CZK 150,000,000, or

b) twice the amount of the unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of the unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000.

(7) For an offense according to subsection 1, 2, 3, 4 or 5, instead of a fine or together with a fine, it is possible to order the publication of information about the nature of the illegal act and which person acted in this way.

Section 620

(1) A natural person, as a person who, without the prior consent of the Czech National Bank, acquires or increases a qualified participation in an investment company, a self-managed investment fund or the main administrator, or controls them, commits an offense by failing to notify, contrary to Section 521, subsection 2 this fact to the Czech National Bank or does not ask for its approval.

(2) A natural person, as a person on whom remedial measures have been imposed, commits an offense by not notifying the Czech National Bank of the method of eliminating deficiencies or arranging remedial measures, contrary to Section 538, subsection 2.

(3) A natural person commits an offense as a forced administrator of an investment company or investment fund by

a) in violation of Section 563, subsection 1, does not perform its function with professional care, or

b) performs any of the actions listed in Section 565, subsection 1, without the prior consent of the Czech National Bank.

(4) For an offense according to subsection 1, 2 or 3, a fine of

a) CZK 150,000,000, or

b) twice the amount of the unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of the unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000.

(5) For an offense according to subsection 1, 2 or 3, instead of a fine or together with a fine, the publication of information on the nature of the illegal act and which person acted in this way can be ordered.

Section 621

(1) As a person referred to in Section 639, a natural person commits an offense by failing to maintain confidentiality in violation of Section 639, subsection 1.

(2) For an offense under subsection 1, a fine may be imposed up to

a) CZK 150,000,000, or

b) twice the amount of the unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of the unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 150,000,000.

(3) For an offense according to subsection 1, instead of a fine or together with a fine, the publication of information on the nature of the illegal act and which person acted in this way can be ordered.

TITLE III

COMMON PROVISIONS

Section 622

(1) The legal entity referred to in Section 17, subsection 2, sentence two or in Section 17, subsection 3, is liable for an offense under this Act as an investment fund manager entitled to exceed the determined limit.

(2) Violations under this Act are discussed by the Czech National Bank.

(3) Income from fines imposed by managers in the performance of the activities listed in Section 11 subsection 1 letter c) to f) is the income of the Securities Traders Guarantee Fund; these revenues are considered public budget resources for the purpose of managing their payment. Fines imposed on managers in the performance of activities listed in Section 11 subsection 1 letter c) to f) is collected and enforced by the customs office.

Section 622a

(1) If the Czech National Bank imposes an administrative penalty consisting of an order to publish information on the nature of the illegal act and which person acted in this way, it shall specify in the decision on the imposition of this administrative penalty

- a) the type of public media in which this information is to be published,
- b) the content of the information to be published in this way, a
- c) the period in which the information is to be published.

(2) The administrative penalty for publishing information according to subsection 1 consists in the fact that the person on whom this administrative penalty has been imposed has the information published according to subsection 1 letter a) at his own expense. b) in the type of public media specified in accordance with subsection 1 letter a) within the period according to subsection 1 letter c), stating your name or title and place of residence or registered office. Data enabling the identification of a natural or legal person, which is different from the person on whom the administrative penalty was imposed, and from the Czech National Bank, given in the published information must be anonymized before publication.

PART SIXTEEN

COMMON, TRANSITIONAL AND FINAL PROVISIONS

TITLE I

COMMON PROVISIONS

Section 623

Member State, Home State, Host State and Supervisory Authority

If this law uses the term

- a) "member state", it means a member state of the European Union or another contracting state of the Agreement on the European Economic Area,
- b) "another member state", means a member state other than the Czech Republic,
- c) "home state of the foreign investment fund", it means the state under whose law the foreign investment fund was created or founded, or the state in which the foreign investment fund has its registered office,
- d) "host state of the manager", means another member state in which the manager manages a foreign investment fund,
- e) "supervisory authority", it means the authority that supervises the financial market,
- f) "supervisory authority of another state" means an authority in a state other than a member state that supervises the financial market in that state, and
- g) "European Supervisory Authority", it means the European Supervisory Authority (European Securities and Markets Authority) established by the directly applicable regulation of the European Union governing the establishment of the European Supervisory Authority (European Securities and Markets Authority) ¹⁵⁾.

Section 624

Executive, qualified participation, close connection and indirect interest

(1) For the purposes of this Act, a leading person means a statutory body, a member of a statutory body, a director of a legal entity or a person who actually manages the activities of a legal entity in another way. If the statutory body or a member of the statutory body is a legal entity, the leading person means a natural person who is authorized by this legal entity to represent it in the statutory body.

(2) Qualified participation, for the purposes of this Act, means a direct or indirect share in the share capital or voting rights of a legal entity or their sum, which represents at least 10% or enables the exercise of significant influence on its management. Investment shares without voting rights are not taken into account for the purposes of calculating qualified participation. Section 162 subsection 2 is not taken into account for the assessment of whether investment shares are associated with voting rights.

(3) For the purposes of this Act, close connections are understood

- a) a relationship between two or more persons, in which one of the persons has a direct or indirect share in the share capital of the other person, the sum of which represents at least 20%,
- b) a relationship between two or more persons in which one of the persons has a direct or indirect share in the voting rights of the other person, the sum of which represents at least 20%,
- c) a relationship between two or more persons in which one of the persons controls the other person or persons, or
- d) a relationship between two or more persons controlled by the same person.

(4) For the purposes of this Act, an indirect share means a share in the share capital or voting rights of a legal entity held through another person or persons acting in concert.

Section 625

Relationship to the terminology of directly applicable regulations of the European Union in the field of investment fund management

(1) If a directly applicable regulation of the European Union in the field of investment fund management²⁾ uses the terms "manager", "management company" in relation to the performance of activities which, according to Section 5, subsection 1, includes the management of an investment fund or a foreign investment fund or "investment company" means the manager of an investment fund or a foreign investment fund, depending on the circumstances.

(2) If a directly applicable regulation of the European Union in the field of investment fund management²⁾ uses the terms "administrator" in relation to the performance of activities which, according to Section 38, subsections 1 and 2, include the administration of an investment fund or a foreign investment fund, "management company" or "investment company" means the administrator of an investment fund or the administrator of a foreign investment fund, as the case may be.

Section 626

Comparability with the law of a foreign state

(1) If this law invokes the comparability of the legal status of a certain person or the comparability of a certain legal institution governed by the law of a foreign state with the status of a certain person or legal institution governed by this law or another legal regulation, the status of such persons or these legal institutions are comparable, if they match in essential features. A different legal form does not in itself mean that the legal status of persons or legal institutions are not comparable.

(2) If this Act refers to a foreign investment fund's comparability with a standard fund, the foreign investment fund is comparable to a standard fund if its home state is another member state and in connection with its management authorization was granted on the basis of meeting the requirements corresponding to the requirements stated in Article 5 of the Directive of the European Parliament and the Council governing the coordination of regulations in the field of collective investment ⁴⁾.

(3) A foreign investment fund which is not comparable to a standard fund and which the Czech National Bank has not decided is comparable to a special fund is considered to be comparable to a qualified investors' fund for the purposes of Sections 294 to 327.

Section 627

Derivative, financial derivative and open position

(1) For the purposes of this Act, a derivative is an investment instrument referred to in Section 3 subsection 1 letter d) to k) of the Act regulating business on the capital market.

(2) For the purposes of this Act, a financial derivative is an instrument referred to in Section 3 subsection 1 letter d) to f) of the law regulating business on the capital market.

(3) For the purposes of this Act, an open position means the sum of liabilities charged to off-balance sheet accounts resulting from transactions with derivatives that are not negotiated, acquired and held for the purpose of reducing risk.

Section 628

Property

If this law uses the term "real estate", it means immovable property including its accessories.

Section 629

Social contract

If this law uses the term "corporate contract", it also includes the articles of association and the charter or other document of a similar nature, depending on the legal form of the legal entity, even if it is established under the law of a foreign country.

Section 630

Partner and shareholder

(1) If this law uses the term "partner", it also means a shareholder and member of a cooperative or another person in a similar position as a partner, depending on the legal form of the legal entity, even if it is established under foreign law.

(2) If this Act uses the term "shareholder" in relation to a foreign investment fund, it means a person in a comparable position as a shareholder.

Section 631

Participating security

(1) For the purposes of this Act, the term "participating security" means

- a) a security or a book-entry security that is linked to a share in the share capital or a comparable amount of a legal entity or in voting rights in this legal entity, and
- b) a security or book-entry security issued by a legal entity, with which the right to acquire the security or book-entry security referred to in letter a) is associated.

(2) For the purposes of this Act, a founding share is not considered a participating security.

Section 632

Harm

If this law imposes an obligation to compensate for damage, the obligation to compensate non-property damage does not apply to the harming party.

Section 633

Assets and liabilities of the investment fund in relation to the mutual fund, trust fund and sub-fund

(1) If this Act or another legal regulation uses the term "assets of an investment fund", it means, in relation to a mutual fund, property in this mutual fund, in relation to a trust fund, property in this trust fund and in relation to a sub-fund, property in this sub-fund.

(2) If this Act or another legal regulation uses the term "debts of an investment fund", it means, in relation to a mutual fund, debts in this mutual fund, in relation to a trust fund, debts in this trust fund and in relation to a sub-fund, debts in this sub-fund.

Section 634

Designation

(1) Anyone who is not an investment company may not use the words "investment company", their translation or words derived from them, in their name.

(2) Anyone who is not the main administrator may not use the words "main administrator", their translation or words derived from them, in their name.

(3) Anyone who is not an investment fund with legal personality may not use the words "investment fund", their translation or words derived from them, in their name.

(4) The words "mutual fund", their translation or words derived from them, may only be used in the designation of the mutual fund, if it is a name.

(5) The name of the investment fund contains the word "fund".

(6) If Sections 634 to 636 use the term "name", this also means any other designation used in business, including an addition to the name.

Section 635

Capital market credibility and non-deceptiveness

The name of the investment fund manager, investment fund administrator or investment fund must not reduce the credibility of the capital market and supervision in this area and must not be deceptive or misleading, especially with regard to the investment strategy of the investment fund in question or the risks associated with investing in the investment fund in question.

Section 636

Special protection of some designations

(1) Without prejudice to the directly applicable regulation of the European Union in the area of investment fund management²⁾, anyone who is not the manager or administrator of a given investment fund may not use the designation "mutual fund", "standard fund", "special fund", "collective investment fund", "SICAV", "SICAF", "ELTIF", "European long-term investment fund", "ETF" in the sense of Section 50f, subsection 3 of the Act on Business on the Capital Market, "EuVECA" in the sense of Article 4 of the Regulation of the European Parliament and the Council (EU) No. 345/2013, "EuSEF" within the meaning of Article 4 of Regulation (EU) No. 346/2013 of the European Parliament and of the Council nor "qualified investors' fund".

(2) Whoever offers investments in an investment fund or a foreign investment fund may, in connection with the offering of these investments, for example in promotional or other communications, use the designation used by this fund.

(3) The prohibition pursuant to subsection 1 also applies to word forms derived from the designation, as well as designations capable of creating a risk of confusion with the designations listed in subsection 1.

Section 637

Use of Czech National Bank supervisory data

(1) A person referred to in Section 15, subsection 1, is prohibited from stating in his activities, for example in promotional or other communications, that he is subject to the supervision of the Czech National Bank or that the performance of his activities is subject to the supervision of the Czech National Bank, or other information, even if it is true in itself, if, given the circumstances and context in which it was made, it can lead to the conclusion that the Czech National Bank supervises it or the performance of its activities.

(2) A person entered in the list maintained by the Czech National Bank pursuant to Section 596 letter e) is obliged to include information on all orders, business letters, invoices, contracts and on its website indicating that it is not subject to the supervision of the Czech National Bank.

(3) If the Czech National Bank exercises supervision over a person referred to in Section 15, subsection 1 or over the performance of his activities pursuant to another legal regulation, subsections 1 and 2 shall only apply if it concerns the provision of data on the supervision of the Czech National Bank pursuant to this of the law.

(4) When offering investments in an investment fund or a foreign investment fund in the Czech Republic, subsections 1 and 2 do not apply.

Section 638

Language

(1) If this law requires the publication, provision or making available of documents and other information, this information shall be published, provided or made available in the Czech language, unless this law provides otherwise.

(2) If this Act requires or permits the publication, provision or making available of documents and other information on websites, these documents or other information must be published, provided or made available on these websites for at least 3 years from the date, when this document or other information ceases to be current, unless this law provides otherwise. In order to determine whether the notification and data pursuant to Section 249, subsection 1, the merger notice and the merger notice can be provided to the unitholder or shareholder on an information carrier that does not have a paper form instead of in paper form, and published only on the website of the investment fund in question, the provisions of another legal regulation governing the conditions under which key information of a special fund can be provided and published in this way shall apply similarly.

(3) The Czech National Bank may establish by decree that

a) communication of key information, articles of association, annual report, half-yearly report of an investment fund or a comparable document of a foreign investment fund and

b) information on the amounts for which unit certificates or investment shares issued by an investment fund are issued and redeemed, or comparable information in the case of the issue and redemption of securities or book-entry securities issued by a foreign investment fund,

have been published in the Czech Republic in a language other than Czech, if this is in the interest of investors with headquarters or residence in the Czech Republic.

(4) If a translation of the document referred to in subsection 3 letter a) is published in relation to a standard fund or a comparable foreign investment fund, the administrator of this fund will compensate the damage caused by its incorrect or incomplete translation; this does not apply to publication according to Section 598, subsection 3.

Secrecy

Section 639

(1) The duty to maintain confidentiality on matters that affect the interests of the manager, administrator, depository or prime broker and/or investors of an investment fund or foreign investment fund belongs to a person who is or was a managing person or a person performing a function according to Section 21 subsection 5, liquidator, forced administrator or insolvency administrator

- a) investment company or investment fund with legal personality,
- b) the main administrator,
- c) depository of the investment fund, or
- d) the prime broker.

(2) The same obligation to maintain confidentiality pursuant to subsection 1 also applies to those who otherwise perform or have performed their job, profession or function for the person specified in subsection 1 letter a) to d).

Section 640

There is no breach of the obligation to maintain confidentiality if the person referred to in Section 639 provides information in matters pursuant to Section 639 for the purposes

- a) civil court proceedings,
- b) administrative court proceedings,
- c) criminal proceedings,
- d) tax administration,
- e) financial market supervision,
- f) providing information to the Financial Analysis Office when fulfilling obligations under the law regulating the fight against the legalization of criminal proceeds or the law regulating the implementation of international sanctions for the purpose of maintaining international peace and security, protecting basic human rights and fighting terrorism,
- g) the banking information system of the Czech National Bank pursuant to the law regulating the activities of the Czech National Bank,
- h) balance of payments of the Czech Republic compiled by the Czech National Bank,
- i) enforcement proceedings,
- j) insolvency proceedings,
- k) provision of information to the intelligence services of the Czech Republic in the performance of their duties under laws regulating the activities of intelligence services, or

l) inspections and imposition of sanctions by the organizer of the European regulated market.

Section 641

Jurisdiction of Czech courts and authorities in the event of a dispute between investors and an investment company

In matters of disputes arising from contracts between investors of a special fund, a comparable foreign investment fund, a fund of qualified investors or a comparable foreign investment fund and an investment company authorized to exceed the decisive limit that manages this fund, or a foreign person with a permit pursuant to Section 481 that manages this fund, the jurisdiction of the Czech courts or, if another legal regulation so provides, also of the Czech authorities is given.

TITLE II

TEMPORARY PROVISIONS

Chapter 1

Basic provisions

Section 642

License to operate an investment company

(1) A license to operate an investment company granted in accordance with existing legal regulations to an investment company that manages a standard fund or a comparable foreign investment fund on the date of entry into force of this Act shall, from the date of entry into force of this Act, be considered a permit to operate an investment company granted pursuant to this of the law authorizing the investment company

a) manage standard funds and comparable foreign investment funds a

b) perform administration

1. in the scope of activities according to Section 38 subsection 1 and
2. if he has a permit according to Section 644 subsection 3, also in the scope of activity according to Section 38 subsection 2 letter a) or b), in relation to standard funds and comparable foreign investment funds.

(2) A permit for the activity of an investment company granted in accordance with existing legal regulations to an investment company that, on the date of entry into force of this Act, manages a special fund that is not a fund of qualified investors, or a comparable foreign investment fund, shall, from the date of entry into force of this Act, be considered a permit to activities of the investment company granted under this Act authorizing the investment company

a) exceed the decisive limit,

b) manage special funds and comparable foreign investment funds a

c) perform administration

1. in the scope of activities according to Section 38 subsection 1 a
2. if he has the relevant permit according to Section 644, also in the scope of activity according to Section 38 subsection 2 letter a) or b), in relation to special funds and comparable foreign investment funds.

(3) A license to operate an investment company granted in accordance with existing legal regulations to an investment company which, on the date of entry into force of this Act, manages a fund of qualified investors or a comparable foreign investment fund, shall, from the date of entry into force of this Act, be deemed to be a permit to an investment company to operate granted pursuant to of this Act authorizing the investment company

- a) exceed the decisive limit,
- b) manage funds of qualified investors or comparable foreign investment funds a
- c) perform administration
 - 1. in the scope of activities according to Section 38 subsection 1 a
 - 2. if he has the relevant permit according to Section 644, also in the scope of activity according to Section 38 subsection 2 letter a) or b), in relation to a fund of qualified investors or a foreign investment fund comparable to a fund of qualified investors.

Section 643

Authorization to operate an investment fund

(1) A license to operate an investment fund, the assets of which will not be managed on the basis of a contract, granted in accordance with existing legal regulations to an investment fund that is not a fund of qualified investors as of the date of entry into force of this Act, shall be considered as a permit to operate a self-governing fund from the date of entry into force of this Act of an investment fund, which is a special fund, granted under this Act authorizing a self-managed investment fund

- a) exceed the decisive limit a
- b) to carry out its administration.

(2) A license to operate an investment fund, the assets of which will not be managed on the basis of a contract, granted in accordance with existing legal regulations to an investment fund that is a fund of qualified investors as of the date of entry into force of this Act, shall be deemed to be a permit to operate as of the date of entry into force of this Act of a self-managed investment fund, which is a fund of qualified investors, granted pursuant to this law authorizing a self-managed investment fund

- a) exceed the decisive limit a
- b) to carry out its administration.

Section 644

Authorization of an investment company to provide investment services

(1) The permission of an investment company to manage the client 's property, if it includes an investment instrument, on the basis of free discretion within the contractual arrangement (portfolio management) granted in accordance with existing legal regulations, is considered as a permission to perform activities according to Section 11 subsection 1 letter c) granted under this Act.

(2) The authorization of an investment company to provide investment advice related to investment instruments granted in accordance with existing legal regulations shall be considered as authorization to carry out activities pursuant to Section 11 subsection 1 letter f) granted under this Act.

(3) The authorization of an investment company for the safekeeping and management of investment instruments, including related services, in relation to investments in a collective investment

fund according to the existing legal regulations, from the date of entry into force of this Act, is considered as an authorization to carry out activities according to Section 11 subsection 1 letter d) granted under this Act.

Section 645

Statement of activity permit

(1) At the request of an investment company, whose permit granted under existing legal regulations is considered pursuant to Section 642 to be a permit for the activity of an investment company granted pursuant to this Act, the Czech National Bank shall prepare a statement with data on the scope of its permit to operate pursuant to this Act.

(2) The Czech National Bank shall, at the request of an investment fund, whose permit granted under existing legal regulations is considered pursuant to Section 643 to be a permit for the activity of a self-managed investment fund granted pursuant to this Act, a statement with data on the scope of its permit to operate pursuant to this Act.

Section 646

The decisive limit in relation to the withdrawal of an activity permit

(1) If an investment company referred to in Section 642, which manages only a special fund that is a fund of qualified investors, or a comparable foreign investment fund, requests the Czech National Bank to withdraw its activity permit and provides evidence that it does not exceed the determined limit, the Czech National Bank revokes its license to operate. If the investment fund referred to in Section 643 subsection 2 applies to the Czech National Bank to withdraw its license to operate and provides evidence that it does not exceed the determined limit, the Czech National Bank will revoke its license to operate.

(2) The decision to revoke the permit pursuant to subsection 1 shall first take effect on the day the Czech National Bank begins to maintain a list of investment companies pursuant to Section 596 letter a). On the date this decision takes effect, the Czech National Bank will enter the investment company or investment fund from which it revoked its authorization in the list maintained pursuant to this Act as a person pursuant to Section 15, subsection 1.

Section 647

The decisive limit in relation to the change of the activity permit

(1) If an investment company referred to in Section 642, which manages only a special fund that is a fund of qualified investors, or a comparable foreign investment fund, applies to the Czech National Bank for a change in its activity permit and provides evidence that it does not exceed the determined limit, the Czech the national bank will issue a new permit accordingly and cancel the existing permit. If the investment fund referred to in Section 643, subsection 2, applies to the Czech National Bank for a change in its activity permit and proves that it does not exceed the determined limit, the Czech National Bank will accordingly issue a new permit and cancel the existing permit.

(2) The decision to change the permit pursuant to subsection 1 becomes legally binding at the earliest on the day the Czech National Bank begins to maintain a list of investment companies pursuant to Section 596 letter a).

Section 648

Decision limit in case of funds of qualified investors managed before 22 July 2013

A manager not authorized to exceed the decisive limit, who has the permission of the Czech National Bank authorizing him to manage funds of qualified investors, may manage funds of qualified investors in which assets exceed the decisive limit,

a) which were managed before July 22, 2013, for which no additional funds or valuables from investors have been collected into their assets after that date, and if the assets in these funds are not used for further investment after that date, or

b) for which the period for the subscription of securities issued by them or securities booked by them expired before July 22, 2013, if no other securities issued by them or securities booked by them are subscribed after July 22, 2013, if these funds are qualified investors established for the period that expires on July 22, 2016 at the latest, and if, in relation to these funds, their manager fulfills the obligations according to Sections 34 to 37, Sections 236 to 238 and Sections 290 to 292.

Section 649

The amount of deposits and investments in the fund of qualified investors according to current legal regulations

For a person who, on the date of entry into force of this Act, is a shareholder or unitholder of a fund of qualified investors according to existing legislation and does not meet any of the conditions set forth in Section 272 subsection 1, the condition set forth in Section 272 subsection 1 letter i) considered fulfilled. However, this only applies for as long as his relationship as a shareholder or unitholder to the fund of qualified investors lasts, of which he is a shareholder or unitholder on the date of entry into force of this Act.

Section 650

Mutual fund

(1) It is prohibited to change the statute of a mutual fund that was created for a fixed period and for which permission was granted before July 15, 2011, so that the period for which it was founded is longer than 10 years from the date of granting this permission; if this happens, it is ignored.

(2) On the day the Czech National Bank starts keeping a list of mutual funds pursuant to Section 597 letter b), permits to create a mutual fund granted according to existing legal regulations shall cease to exist.

(3) Legal relationships from bearer share certificates issued before the date of entry into force of this Act are assessed according to existing legal regulations.

(4) The administrator of a mutual fund issuing paper-based share certificates, which are in the form of bearer securities, does not have the obligation to keep a list of shareholders of this mutual fund.

Section 651

License to operate an investment fund with a concluded management contract

(1) The rights and obligations from the investment fund management contract existing as of the date of entry into force of this Act are not affected by this Act. Until the date of entry into force of Act No. 89/2012 Coll. the creation, amendment and termination of the management contract is governed by Act No. 189/2004 Coll., as amended until the date of entry into force of this Act.

(2) If the provisions of this Act are invoked by an investment fund with legal personality that is

not a self-administered fund, it shall mean, until the termination of the obligation from the relevant contract on its management, also an investment fund that has a contract concluded on the date of entry into force of this Act on management according to existing legal regulations.

(3) Until July 22, 2014, the internal affairs of an investment fund, which is an investment fund that has a management contract in accordance with Act No. 189/2004 Coll., as amended on the date of entry into force of this Act, comply with the requirements set out in Section 9 subsection 1, otherwise the court, on the proposal of the Czech National Bank or a person with a legitimate interest in it, will cancel this investment fund and order its liquidation. Before making a decision, the court will grant the investment fund a reasonable period of time to arrange redress.

(4) On the day when the Czech National Bank begins to maintain a list of investment funds with legal personality pursuant to Section 597 letter a), the authorization for the activity of an investment fund that has a management contract, granted in accordance with existing legal regulations, expires and this fund is considered to be an investment fund entered in the list pursuant to Section 597 letter a).

Section 652

Relationships in an investment company and an investment fund

(1) An investment company that has been granted a license to operate as an investment company in accordance with existing legal regulations shall bring its ratios and the ratios of the investment funds it manages into compliance with the requirements arising from this Act and the legal regulation implementing it, no later than 22 July 2014. Until then, it complies with the rules of activity and management resulting from this law and from the legal regulation implementing it adequately.

(2) An investment fund that has been granted a permit to operate as an investment fund in accordance with existing legislation shall bring its affairs into compliance with the requirements arising from this Act and the legal regulation implementing it by July 22, 2014 at the latest. Until then, it shall comply with the rules activities and management resulting from this law and from the legal regulation implementing it adequately.

Section 653

(1) An investment company that has been granted a permit to operate as an investment company in accordance with the existing legal regulations shall bring the status and communication of key information of the investment fund managed by it in accordance with the requirements arising from this Act and the legal regulation implementing it, no later than July 22, 2014.

(2) An investment fund that has been granted a permit to operate an investment fund in accordance with the existing legal regulations shall bring its statute and its communication of key information into compliance with the requirements arising from this Act and the legal regulation implementing it, no later than July 22, 2014.

Section 654

Other business activity

Registration of further business activities of an investment company according to existing legal regulations is considered to be the prior consent of the Czech National Bank pursuant to Section 508.

Section 655

Annual and consolidated report

(1) The provisions of this Act and the legal regulation implementing it regulating the annual report, which stipulate requirements that did not result from the previous legal regulations, shall be applied for the first time in the accounting period closest to the accounting period in which this Act enters into force.

(2) For the accounting period in which this Act enters into force, the investment company shall prepare a consolidated annual report in accordance with existing legal regulations.

(3) The annual report and consolidated annual report of an investment company, investment fund and mutual fund, which are drawn up for the accounting period in which this Act enters into force, contain the requirements stipulated by Decree No. 19 4/2011 Coll., in the version effective on the date of entry into force of this Act.

Section 656

Offering investments in an investment fund or in a foreign investment fund

(1) For investments in investment funds or in foreign investment funds whose home state is a member state, which are offered in the Czech Republic on the basis of a valid prospectus approved by the Czech National Bank ¹⁶⁾ or by the supervisory authority of another member state, which was published before 22 July 2013, the provisions of this Act on offering investments in the Czech Republic shall not apply.

(2) Investments in a special fund, a fund of qualified investors or a comparable foreign investment fund offered in the Czech Republic on the date of entry into force of this Act may be offered in the Czech Republic in accordance with existing legal regulations no later than July 22, 2014. This does not prevent the offering of these investments in accordance with of this law.

Section 657

Foreign depository of a special fund

(1) Until July 22, 2017, a foreign bank with its registered office in another member state that does not have a branch in the Czech Republic may also be the depository of a special fund, if it meets the requirements for the depository of a special fund arising from this Act and investment shares or units issued by this fund are not publicly offered in the Czech Republic.

(2) Until July 22, 2017, a foreign bank with its registered office in another Member State that does not have a branch in the Czech Republic may also be a depository of a qualified investors' fund if it meets the requirements for qualified investors' fund depositories arising from this Act.

Section 658

Agreement on performance of depository activities

(1) A contract on the performance of depository activities concluded by an investment company in accordance with existing legal regulations shall be considered a depository contract from the date of entry into force of this Act.

(2) The notice period for a contract on the performance of depository activities concluded in accordance with existing regulations is 6 months, unless the parties agree otherwise.

Section 659

Consent granted according to existing legal regulations

Prior consent to perform the function of the head of an investment company, consent to acquire a qualified participation in an investment company or an investment fund, consent to reach or exceed a participation of 20%, 33% or 50% in an investment company or an investment fund, and consent for the person to or persons acting in concert became persons controlling an investment company or investment fund, granted pursuant to Act No. 189/2004 Coll., in the wording effective until the date of entry into force of this Act, from the date of entry into force of this Act shall be considered prior consent to the performance of the position of a leading person, consent to the acquisition of a qualified participation in an investment company or a self-managed investment fund, consent to reach or exceed a participation of 20%, 33% or 50% of an investment company or a self-managed investment fund and the consent for the person or persons acting in concert to become the persons controlling the investment company or self-managed investment fund, granted under this Act.

Section 660

Proceedings initiated under existing legislation

(1) Proceedings on the imposition of remedial measures or proceedings on the imposition of a sanction initiated before the date of entry into force of this Act and not legally terminated by that date shall be completed in accordance with existing legal regulations. Remedial measures or sanctions will be imposed according to existing legal regulations.

(2) Procedure for granting consent to acquire a qualified participation in an investment company or an investment fund, consent to reach or exceed a participation of 20%, 33% or 50% in an investment company or an investment fund, consent to the person or persons acting in agreement have become the persons controlling the investment company or investment fund, and prior consent to the performance of the function of the head of the investment company or investment fund, started before the date of entry into force of this Act and not legally terminated by this date shall be completed in accordance with this Act; time limits, the duration of which in these proceedings began before the date of entry into force of this Act, shall run again from the date of entry into force of this Act.

(3) Proceedings for a license to operate an investment company and a license to operate an investment fund, the assets of which will not be managed on the basis of a management contract, initiated before the date of entry into force of this Act and not legally terminated by this date shall be completed in accordance with this Act; time limits, the duration of which in these proceedings began before the date of entry into force of this Act and did not end until this date, shall run again from the date of entry into force of this Act. The Czech National Bank shall notify the applicant within 15 working days from the date of entry into force of this Act, according to which provisions of this Act it intends to proceed in the proceedings on his application and shall invite him to submit objections to such procedure and to bring the application into compliance with the requirements of this Act.

(4) When deciding on objections filed pursuant to subsection 3, the procedure shall be in accordance with this Act.

Section 661

Permit to a foreign person

(1) Until the date determined by the European Union regulation issued on the basis of Article 67, subsection 6 of the Directive of the European Parliament and of the Council regulating the administrator of alternative investment funds ⁵⁾ as the date from which Articles 35 and 37 to 41 of this Directive apply, to the extent, in which they invoke it, will not apply the provisions of this Act that they invoke

a) reference state,

- b) management of a foreign investment fund, whose home state is another member state, by a foreign person with a permit pursuant to Section 481,
- c) offering investments in an investment fund or a foreign investment fund in another member state by a foreign person with a permit pursuant to Section 481, and
- d) permission from the supervisory authority of another Member State comparable to the permission according to Section 481.

(2) A foreign person who was granted a permit pursuant to Section 481 before the day specified in subsection 1 shall provide evidence to the Czech National Bank within 3 months from this date that he meets the condition pursuant to Section 481 subsection 1 letter a). If she does not document this, or if she does not meet this condition, the Czech National Bank will withdraw this permission from her.

Section 662

Lists

(1) The Czech National Bank shall list the lists maintained pursuant to Section 13 subsection 1 letter d) to f), j) to l) and c) of Act No. 15/1998 Coll., in the version effective until the date of entry into force of this Act, in accordance with the requirements of this Act for keeping lists by the Czech National Bank pursuant to Sections 596 and 597 until September 30, 2013; until then, he keeps the lists according to Section 13 subsection 1 letter d), e), f), j) to l) and c) of Act No. 15/1998 Coll., as amended until the date of entry into force of this Act.

(2) A mutual fund registered in the list of mutual funds pursuant to Section 13 subsection 1 letter d) Act No. 15/1998 Coll., as amended until the effective date of this Act, is considered a mutual fund entered in the list pursuant to Section 597 letter b).

(3) A person on whom Section 15, subsection 1 imposes the obligation to be entered in the relevant list maintained by the Czech National Bank, is obliged to submit an application for entry in this list no later than July 22, 2014. Until then, the obligation to be entered in this does not apply to the list.

Section 663

Provision of data to the European Commission

By July 22, 2014, the Czech National Bank will provide the European supervisory authority and, through the Ministry of Finance, also the European Commission with data on the types of investment funds and foreign investment funds whose investments may be publicly offered, and data on the requirements for the public offering of investments in these funds, which this law imposes if it concerns requirements that do not result from the directive of the European Parliament and the Council regulating managers of alternative investment funds ⁵⁾.

Section 664

Provisions relating to the new private law

(1) Until the effective date of Act No. 89/2012 Coll. the provisions of this Act, which refer to a trust fund, a trustee or a trustee, or from which it follows that another legal person may be a statutory body of a legal entity or its member, shall not apply to the extent to which they refer to it.

(2) Until the effective date of Act No. 90/2012 Coll. with the provisions of this Act, which invoke different types of shares in a limited liability company or share certificate, a limited partnership

for investment certificates or an investment certificate or a joint-stock company with a variable share capital, founder shares or investment shares, to the extent that they are invoked, they don't use

(3) Until the date of entry into force of Act No. 89/2012 Coll. is understood for the purposes of this Act

- a) assets and liabilities,
- b) business plant is an enterprise,
- c) a branch of a business plant, an organizational unit,
- d) business plant lease, business lease,
- e) the capacity to have rights and obligations as a legal personality,
- f) a legal action is a legal act,
- g) self-determination, the ability to perform legal acts,
- h) harm damage a
- i) loan loan.

Section 665

(1) The Ministry of Finance shall announce in the Collection of Laws the date on which the directive amending the directive of the European Parliament and the Council regulating the coordination of regulations in the area of collective investment in relation to the activities of the depository of a standard fund, the remuneration system of the manager of a standard fund and sanctions¹⁷⁾ takes effect.

(2) Sections 63 and 68 to 82 shall not apply to depositories of the standard fund until the date specified in the notification pursuant to subsection 1. Until then, proceed according to Section 66 6 to 675; however, this does not prevent proceeding even earlier in relation to the depository of the standard fund according to Section 63 and Section 68 to 82, if this is stated in the statute of this fund.

(3) By the date specified in the notification pursuant to subsection 1

- a) the manager of a standard fund or a comparable foreign investment fund brings its ratios and the ratios of this fund into compliance with the requirements according to Section 63 and Section 68 to 82 and
- b) the system of remuneration of persons according to Section 20 subsection 2 letter of j).

(4) The decree issued pursuant to Section 670, subsection 4, shall be canceled upon the expiry of the day preceding the day specified in the notification pursuant to subsection 1.

Chapter 2

Transitional provisions of the amendment to the depository of the standard fund

Section 666

Only a bank with its seat in the Czech Republic or a foreign bank with a branch located in the Czech Republic can be the depository of the standard fund.

Section 667

Governing law in the matter of performance of depository activities

The agreement of the parties to the depository agreement regarding the performance of the activities of the depository to the extent pursuant to Section 668, subsections 1 and 2, is governed by Czech law.

Section 668

Content of the depository agreement

(1) The depository of the standard fund and the manager of the standard fund shall at least define the method of mutual communication in the depository agreement, including the method of keeping records of this communication, and the method of protecting confidential information and personal data.

(2) In the depository agreement according to subsection 1, the parties shall further agree

- a) the period of its validity and the conditions under which the contract can be changed or under which it can be withdrawn,
- b) a list of standard funds to which the contract applies, if the depository contract applies to several standard funds managed by the same manager,
- c) rules for performing the activities of the depository, including rules for the custody, safekeeping and registration of the assets of the standard fund,
- d) procedures for changing the status of a standard fund and defining such changes to which the depository must be informed, or which the manager of this fund must agree with the depository in advance,
- e) rules enabling the depository to fulfill the control obligations set out in Sections 669 to 673,
- f) rules enabling the manager of the standard fund to control the activities of the depository with regard to its contractual obligations and rules enabling the manager of the standard fund to fulfill its obligations and
- g) the rules necessary to facilitate the change of the depository and the procedure for providing relevant information to another depository in the event of a change of depository.

Section 669

Basic obligations and the right to ensure guardianship by setting up an account

As part of the depository activity, the depository of the standard fund

- a) has custody of replaceable investment instruments in the property of the standard fund by registering them in the ownership account that the depository of the standard fund maintains for this fund in the central register of book-entry securities, in a separate register of investment instruments, in a register connected to them or in a similar register kept according to the rights of a foreign state; the depository agreement of the depository of the standard fund entitles the depository of the standard fund to ensure custody of fungible investment instruments also by establishing a proprietary account for this fund with a central depository of book-entry securities or a comparable facility established under the law of a foreign country,

- b) has safekeeping of the investment instruments and other assets of the standard fund, the nature of which allows it,
- c) ensures the registration of the assets of the standard fund, the nature of which allows this,
- d) establishes or maintains cash accounts for the standard fund,
- e) records all movement of funds of the standard fund a
- f) ensures the settlement of transactions with the assets of the standard fund within the usual period.

Section 670

Control duties

(1) As part of the activities of the depository, the depository of the standard fund checks whether in accordance with this Act, the statute of the standard fund and the provisions of the depository agreement

- a) unit certificates or investment shares were issued, canceled and redeemed,
- b) the current value of the share certificate or investment share was calculated,
- c) the property and debts of this fund were valued,
- d) consideration was paid from transactions involving the assets of this fund within the usual time limits,
- e) revenues flowing for this fund are used,
- f) orders of the manager directing the acquisition or alienation of property values in the assets of this fund are executed, and it is sufficient if the depository checks how these orders were executed, if the reason for this method of control is worthy of special consideration; how the orders were executed, the depository checks further, if it is orders concerning
 1. trades with a value not exceeding CZK 500,000 and an aggregate daily value corresponding to 0.1% of the value of this fund's assets,
 2. of a trade concluded on the market referred to in Section 3 subsection 1 letter a) government regulation regulating the investment of investment funds and the technology for their management, or
 3. trade in a security or book-entry security issued by a collective investment fund or a comparable foreign investment fund.

(2) As part of the activities of the depository, the depository of the standard fund executes the orders of the manager of this fund in accordance with the statute of this fund and in accordance with the depository agreement.

(3) As part of the activities of the depository, the depository of the standard fund also checks the state of the property of the standard fund, which cannot be held in custody according to Section 669 letter a) or in safekeeping according to Section 669 letter b).

(4) The Czech National Bank shall determine by decree the qualitative requirements for the fulfillment of the depository's obligations of the standard fund within the scope of subsections 1 and 3.

Section 671

Basic obligations and the right to open an account

(1) In connection with the performance of the activities of the depository, the manager of the standard fund

- a) disposes of the funds of the standard fund through an account established or managed by the depository of this fund or an account established pursuant to subsection 2,
- b) informs the depository of the standard fund about the content of the contract, which negotiates the acquisition of value in the assets of this fund, with the exception of the acquisition of investment instruments, without undue delay after its conclusion, and if the contract is in written form, also submits the original or a copy thereof,
- c) submits to the depository of the standard fund the valuation of movable property, with the exception of investment instruments or real estate owned by this fund, without undue delay after their valuation,
- d) ensures that the depository of the standard fund has the current status of this fund at its disposal, and
- e) informs the depository of the standard fund about any upcoming change in the status of this fund, as well as the fact that the change in status has been approved by the Czech National Bank, or the supervisory authority of another member state.

(2) In connection with the performance of the activities of the depository, the manager of a standard fund is authorized, with the consent of the depository of this fund, to establish a cash account with a bank, foreign bank or savings and credit cooperative, which have their registered office in a state whose law requires compliance with the rules of prudence according to the law of the European Union or rules that the Czech National Bank considers comparable.

Section 672

Obligations of the former depository

(1) If the depository of a standard fund ceases to act as a depository of this fund, he is obliged, without unnecessary delay, to properly inform the incoming depository of this fund about his activities to date and to hand over to him all documents related to his performance as a depository of this fund and to issue him with the funds of this fund and the property of this fund in his possession; his responsibility for the duration of the activities of the depository of this fund does not cease.

(2) Until the handover of all documents and the release of funds and assets of the standard fund, the person who has ceased to perform the activities of the depository is regarded as the depository of this fund; Section 675 does not apply to a person who has ceased to perform the activities of a depository.

Section 673

Obligations of the manager

The manager of the standard fund without undue delay after the termination of the relevant depository agreement

- a) suspends the issuance and redemption of unit certificates or investment shares issued by this fund and suspends the management of the assets of this fund, which is in the power of a person who has ceased to perform the activities of the depository of this fund for this fund, with the exception of the payment of obligations incurred before the termination of the obligation from the depository contracts and payment of necessary operating and salary expenses, until the new depository contract takes effect,
- b) sends information about the suspension of handling the assets of this fund according to letter a) and about the suspension of the issuance and redemption of unit certificates or investment shares issued by

this fund to the Czech National Bank and publishes it on the website of this fund and

c) performs actions aimed at establishing a new depository.

Section 674

For entrusting another with the performance of individual activities according to Section 669 letter a) to c) Section 77 subsection 1 and 2 shall be applied mutatis mutandis with the fact that the reference to Section 78 subsection 1 letter b) is not viewed; the depository agreement also contains a statement that the depository's liability is not affected by the fact that he has entrusted someone else with the custody, safekeeping or records of the assets of the standard fund or its part.

Section 675

(1) A depository of a standard fund that causes damage to the manager of this fund, this fund, a shareholder of this fund or a shareholder of this fund in the course of performing its activities as a depository, is obliged to compensate it, regardless of its fault.

(2) Compensation for damage caused by the breach of obligations of the manager of a standard fund in the management of the assets of this fund can be claimed regardless of subsection 1.

TITLE III

FINAL PROVISIONS

Section 676

Cancellation provision

Canceled:

1. Act No. 189/2004 Coll., about collective investing.
2. Decree No. 358/2010 Coll., on the submission of statements and other information by investment companies and collective investment funds of the Czech National Bank.
3. Decree No. 193/2011 Coll., on the minimum requirements of the collective investment fund statute and the conditions for using the designations short-term money market fund and money market fund.
4. Decree No. 194/2011 Coll., on a more detailed adjustment of some rules in collective investing.
5. Decree No. 195/2011 Coll., on the activities of the depository of the collective investment fund and the provisions of the depository agreement of the standard fund.

Section 677

Efficiency

This law takes effect on the day of its promulgation.

Němcová m.p.

Zeman m.p.

Rusnok m.p.

Selected provisions of the amendments

Art. II of Act No. 336/2014 Coll.

Temporary provisions

1. The scope of permits for the activities of an investment company, self-managed investment fund or main administrator issued before the date of entry into force of this Act shall, from the date of entry into force of this Act, correspond to the comparable scope of such permits pursuant to Act No. 240/2013 Coll., as amended from the date of entry into force of this Act. At the request of an investment company, self-managed investment fund or main administrator, the Czech National Bank will prepare a statement with data on the extent of their authorization to operate pursuant to Act No. 240/2013 Coll., as amended from the date of entry into force of this Act.

2. Proceedings on applications for authorization to operate an investment company, a self-governing investment fund or a main administrator initiated before the date of entry into force of this Act and not legally completed by that date shall be completed in accordance with Act No. 240/2013 Coll., as amended from the date of entry into force of this Act. The time limits in these proceedings that started before the date of entry into force of this Act and did not end until this date shall run again from the date of entry into force of this Act. The Czech National Bank shall notify the applicant within 15 working days from the date of entry into force of this Act, how it intends to proceed in the proceedings regarding his application with regard to the entry into force of this Act, and shall invite him to bring the application into compliance with the requirements of this Act.

3. The investment company, self-managed investment fund and main administrator shall bring its ratios and the ratios of the investment funds it manages into compliance with the requirements arising from Act No. 240/2013 Coll., as amended from the date of entry into force of this Act, until March 31, 2015.

4. The depositary agreement shall be brought into compliance with Section 73, subsection 1, letter f) and Section 670 subsection 1 letter f) Act No. 240/2013 Coll., as amended from the date of entry into force of this Act, until March 31, 2015.

Article VI of Act No. 148/2016 Coll.

Temporary provisions

1. An investment fund, which is a joint-stock company with variable share capital and which was established before the date of entry into force of this Act, shall bring its conditions into compliance with Act No. 240/2013 Coll., as amended from the date of entry into force of this Act, within 12 months from the date of entry into force of this Act.

2. At the proposal of the Czech National Bank or the person who certifies the legal interest, the court will cancel the investment fund according to point 1, which does not bring its conditions into compliance with Act No. 240/2013 Coll., as amended from the date of entry into force of this Act, within the period specified in point 1 and orders its liquidation. Before making a decision, the court will grant this investment fund a reasonable period of time to make remedial action.

3. The depositary agreement shall be brought into compliance with Section 70, subsection 2 of Act No. 240/2013 Coll., as amended from the date of entry into force of this Act, until March 18, 2016.

Article XIII of Act No. 204/2017 Coll.

Temporary provisions

1. Natural persons who, on the date of entry into force of this Act, were entered in the list pursuant to Section 596 letter f) Act No. 240/2013 Coll., in the wording effective before the effective date of Art. XII points 1 and 2 of this Act, are deleted from this list upon entry into force of Article XII of this Act. The Czech National Bank will inform these persons that they have been deleted from the list.

2. The manager of the investment fund shall comply with Section 39, subsection 5 of Act No. 240/2013 Coll., as amended from the date of entry into force of this Act, within 6 months from the date of entry into force of this Act.

3. The statute of a closed mutual fund, which is a fund of qualified investors and which was created before the date of entry into force of this Act, can be changed with regard to Section 146, Subsection 1 of Act No. 240/2013 Coll., as amended from the effective date of this Act, only with the consent of all its shareholders.

4. The provisions of Section 187 and Section 455, subsection 1 of Act No. 240/2013 Coll., as amended from the effective date of this Act, shall be applied for the first time in the accounting period that began in 2018 or later.

5. Administrative proceedings initiated before the effective date of this Act pursuant to Act No. 240/2013 Coll., in the version effective before the date of entry into force of this Act, and legally incomplete on the date of entry into force of this Act, shall be completed pursuant to Act No. 240/2013 Coll., in the version effective before the date of entry into force of this Act.

Article XIII of Act No. 33/2020 Coll.

Transitional provision

Effects of the consent of the Czech National Bank to the performance of the executive function of the statutory director granted pursuant to Act No. 240/2013 Coll., in the version effective before the date of entry into force of this law, are preserved even for the performance of another managerial function by the same person in the same fund or company and new consent is not required; provisions of Section 518 of Act No. 240/2013 Coll. is used similarly.

Article X of Act No. 119/2020 Coll.

Temporary provisions

1. Investment funds and sub-funds that do not have an appointed promoter on the date of entry into force of this Act may appoint a promoter within a period of 24 months from the date of entry into force of this Act, if a simple majority of all shareholders, partners, shareholders, members of the cooperative decides to do so or contemplated by this investment fund or sub-fund. Only the owners of the investment shares issued to this subfund vote on the appointment of the promoter of the subfund of the joint stock company with variable capital. The provisions of the law regulating the legal relations of commercial companies and cooperatives on the election of a member of the statutory body of a commercial corporation shall be applied accordingly.

2. The voting right associated with investment shares issued before the date of entry into force of this Act expires on August 1, 2021, unless it is specified in the articles of association on that date that voting rights are associated with the issued investment shares.

Article XV of Act No. 96/2022 Coll.

Transitional provision

Entry of a foreign investment fund into the list maintained by the Czech National Bank pursuant to Section 597 of Act No. 240/2013 Coll., as amended by Act No. 336/2014 Coll., which was entered in this list before the date of entry into force of this law, lasts until December 31, 2023.

¹⁾ Commission Directive 2007/16/EC of 19 March 2007 implementing Council Directive 85/611/EEC on the coordination of laws and regulations relating to undertakings for collective investment in transferable securities (UCITS) as regards the clarification of certain definitions.

Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of legal and administrative regulations relating to undertakings for collective investment in transferable securities (UCITS), as amended by Directives of the European Parliament and of the Council 2010/78/EU, 2011/61/EU, 2013/14/EU, 2014/91/EU, (EU) 2019/1160, (EU) 2019/2162, (EU) 2021/2261 and (EU) 2022/2556 and Regulation (EU) 2017/2402 of the European Parliament and of the Council.

Commission Directive 2010/43/EU of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards organizational requirements, conflicts of interest, rules of conduct, risk management and content of the contract between the depositary and the management company.

Commission Directive 2010/44/EU of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards certain provisions relating to the merger of funds, master-feeder structures and the notification procedure.

Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on alternative investment fund managers and amending Directives 2003/41/EC and 2009/65/EC and Regulation (EC) No. 1060/2009 and (EU) No. 1095/2010, as amended by European Parliament and Council Directives 2013/14/EU, 2014/65/EU, (EU) 2016/2341, (EU) 2019/1160 and (EU) 2022/2556 and European Parliament and Council Regulation (EU) 2017/2402.

Art. 2 subsection 2 of Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 on certain aspects of company law (codified version).

²⁾ Commission Regulation (EU) No. 583/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards key information for investors and the conditions to be met in the provision of key information for investors or a prospectus on a permanent medium other than paper or via a website.

Commission Regulation (EU) No. 584/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards the form and content of the UCITS standard notice and certificate, the use of electronic communication between competent authorities for purposes of notification and procedures for on-the-spot verification and investigation and exchange of information between competent authorities.

Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council as regards exemptions, general operating conditions, depositaries, leverage, transparency and supervision, as amended.

Regulation (EU) No. 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds, as amended.

Regulation (EU) No. 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds, as amended.

Commission Implementing Regulation (EU) No 447/2013 of 15 May 2013 laying down a procedure for alternative investment fund managers who decide to be covered by Directive 2011/61/EU of the European Parliament and of the Council.

Commission Implementing Regulation (EU) No. 448/2013 of 15 May 2013 establishing the procedure for determining the reference Member State of a non-EU manager of alternative investment funds pursuant to Directive 2011/61/EU of the European Parliament and of the Council.

Commission Delegated Regulation (EU) No. 438/2016 of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council as regards the obligations of depositaries, as amended.

Commission Delegated Regulation (EU) No. 694/2014 of 17 December 2013 supplementing Directive (EU) 2011/61/EU of the European Parliament and of the Council as regards regulatory technical standards specifying types of alternative investment fund managers.

Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds, as amended.

Art. 13 and 14 of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on the transparency of trades ensuring financing and reuse and on the amendment of Regulation (EU) No. 648/2012.

Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds, as amended.

Commission Delegated Regulation (EU) 2018/480 of 4 December 2017 supplementing Regulation (EU) 2015/760 of the European Parliament and of the Council with regard to regulatory technical standards relating to financial derivative instruments that serve solely for the purposes provision, sufficiently long duration of European funds of long-term investments, criteria for evaluating the market from the point of view of potential buyers and for the valuation of assets intended for sale and the types and requirements of equipment for non-professional investors.

Commission Delegated Regulation (EU) 2019/820 of 4 February 2019 supplementing Regulation (EU) No 345/2013 of the European Parliament and of the Council as regards conflicts of interest in the field of European venture capital funds.

Regulation (EU) 2019/1156 of the European Parliament and of the Council of 20 June 2019 on facilitating the cross-border distribution of collective investment funds and amending Regulation (EU) No. 345/2013, (EU) No. 346/2013 and (EU) No. 1 286/2014.

Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on the disclosure of information related to sustainability in the financial services sector, as amended.

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088.

³⁾ Regulation of the European Central Bank (EC) No. 24/2009 of 19 December 2008 on the statistics of assets and liabilities of special purpose financial companies involved in securitization transactions.

⁴⁾ Directive 2009/65/EC of the European Parliament and of the Council.

- 5) Directive 2011/61/EU of the European Parliament and of the Council.
- 6) Commission Delegated Regulation (EU) No. 231/2013.
- 7) Regulation of the European Parliament and the Council (EU) No. 345/2013, as amended.
- 8) Commission Regulation (EU) implementing Directive 2009/65/EC of the European Parliament and of the Council as regards UCITS depositaries.
- 9) Regulation of the European Parliament and the Council (EU) No. 346/2013, as amended.
- 10) Commission Regulation (EC) No. 1126/2008 of November 3, 2008 adopting certain international accounting standards in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council.
- 11) Commission Regulation (EU) No. 583/2010.
- 15) Regulation of the European Parliament and Council (EU) No. 1095/2010 of 24 November 2010 on the establishment of the European Supervisory Authority (European Securities and Markets Authority), on the amendment of Decision No. 716/2009/EC and on the repeal of the Commission's decision 2009/77/EC.
- 16) Section 36c of Act No. 256/2004 Coll., on doing business on the capital market, as amended.
- 17) Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws and regulations relating to undertakings for collective investment in transferable securities (UCITS) as regards activities of the depositary, principles of remuneration and sanctions.
- 18) Regulation (EU) 2015/760 of the European Parliament and of the Council, as amended.
- 19) Regulation (EU) 2017/1131 of the European Parliament and of the Council.
- 20) Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on prudential requirements for investment firms and amending Regulation (EU) No. 1093/2010, (EU) No. 575/2013, (EU) No. 600/2014 and (EU) No. 806/2014.
- 21) Regulation (EU) 2019/2088 of the European Parliament and of the Council, as amended.
- 22) Regulation (EU) 2020/852 of the European Parliament and of the Council.
- 23) Commission Delegated Regulation (EU) No. 694/2014 of 17 December 2013 supplementing Directive (EU) 2011/61/EU of the European Parliament and of the Council as regards regulatory technical standards determining the types of alternative investment managers funds.
- 24) Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs)
- 25) Regulation (EU) No 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011.