UniCredit Bank

DISCLOSURE ON PROTECTION AND COSTS

RELATED TO CUSTODY OF BOOK-ENTRY SECURITIES

UNICREDIT BANKA SLOVENIJA D.D.

1. INTRODUCTORY PROVISIONS

1.1 UniCredit Banka Slovenija d.d., with its registered seat at Ameriška ulica 2, SI-1000 Ljubljana, Slovenia, VAT ID: SI59622806, registered with the District Court in Ljubljana under Reg. no. 1/10521/00 (hereinafter "UniCredit") is a direct participant (System Member) of KDD - Centralna klirinško depotna družba, d.o.o., with its registered office at Tivolska cesta 48, 1000 Ljubljana, Slovenija, VAT ID: SI42846811, registered with the District Court in Ljubljana under Reg. no. 1/25989/00 (Slovenian Central Securities Depository, hereinafter "KDD").

1.2 In accordance with Article 38(6) of the Central Securities Depositories Regulation ("CSDR"), UniCredit hereby discloses the levels of protection and the costs associated with the different levels of segregation that UniCredit provides to its clients when holding securities in KDD on their behalf.

2. THE MAIN LEGAL IMPLICATIONS OF THE RESPECTIVE LEVELS OF SEGREGATION OFFERED

2.1 Types of CSD accounts

According to the *Market in Financial Instruments Act (ZTFI-1)*, the local custodian is required to keep book-entry securities that it holds for each individual client in a special account for book-entry securities of such client (hereinafter: client's account).

In line with *KDD Regulatory Technical Procedures* and *KDD Operations Rules*, UniCredit offers its clients the following types of client's accounts when offering securities custody services for securities held in KDD:

    a) Custody account (letter "U")

    b) Fiduciary account (letter "N")

2.2 Custody account

2.2.1 Custody account has the following characteristics:
    a) Account holder is the legal owner of book-entry securities credited to such account and is recorded as the shareholder in the book of shareholders.
    b) Account holder exercises the rights arising from book-entry securities credited to such account for its own account.

2.3 Fiduciary account

2.3.1 Fiduciary account has the following characteristics:
    a) Account holder is the legal owner of book-entry securities credited to such account and is recorded as the shareholder in the book of shareholders.
    b) Account holder does not exercise the rights arising from book-entry securities credited to such account for itself but for an account of one or more third persons.

2.3.2 Under Slovenian law, a Fiduciary account may be opened for the investor who is:

    a) a notary public,
    b) a lawyer,
    c) a legacy custodian,
    d) a special custodian,
    e) an insolvency manager,
    f) another person providing custody services in the scope of its regular activity or profession.

2.3.3   UniCredit may open a Fiduciary account for and in the name of:

    a)   UniCredit's client
       or
    b)   the underlying client of UniCredit's client.

3.   SEGREGATION OF ASSETS

3.1 Levels of segregation

UniCredit offers its clients the following levels of segregation in relation to securities held in KDD:

    a)   individual client segregation

    b)   end-investor segregation

3.1.1   Custody account (Article 2.2 above) may be established as:

- end-investor segregated account

3.1.2   Fiduciary account (Article 2.3 above) may be established as:

- individual client segregated account

3.1.3   In all cases, UniCredit holds own assets separated from clients' assets, regardless of the type of account offered.

3.2 End-investor segregation

3.2.1   End-investor segregation involves the highest degree of segregation. If the end-investor client segregation is requested by a client, UniCredit will establish a separate securities account for holding the securities of each end-investor in the KDD (an "End-investor Account").

3.2.2   Securities held in an End-investor Account are segregated from UniCredit's own proprietary securities and also segregated from securities of UniCredit's other clients.

3.2.3   The client for whom an End-investor Account is set up, is the final beneficial owner.

3.2.4   UniCredit currently offers the following types of End-investor Account:

    a)   Custody account (Article 2.2 above) established in the name of UniCredit's client (proprietary account of UniCredit's client)

    b)   Custody account (Article 2.2 above) established in the name of the underlying client of UniCredit's client

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3.3 Individual client segregation

3.3.1 The term "individual client segregation" is defined in Article 38(4) of the CSDR. If individual client segregation is requested by a client, UniCredit will establish a separate securities account for holding the securities of that client in the KDD (an "Individual Account").

3.3.2 Securities held in an Individual Account are segregated from UniCredit's own proprietary securities and also segregated from securities of UniCredit's other clients.

3.3.3 The client for whom an Individual Account is set up, is an intermediary holding securities on behalf of one or several underlying clients (one or several end-investors).

3.3.4 UniCredit currently offers the following types of Individual Accounts:

a) Fiduciary account (Article 2.3 above) established in the name of UniCredit's client

b) Fiduciary account (Article 2.3 above) established in the name of the underlying client of UniCredit's client

4. LEVELS OF PROTECTION AND APPLICABLE INSOLVENCY LAW

4.1 General

4.1.1 In the case of insolvency of UniCredit, securities held in a Custody Account or a Fiduciary Account would not form part of the estate of UniCredit and would not be available for satisfaction of UniCredit's creditors. The insolvency trustee would be required to release such securities to UniCredit's clients without undue delay. However, Slovenian law does not stipulate any concrete timeframe for the release of clients' assets. Therefore, the timing will depend on circumstances of each particular case as evaluated by the insolvency trustee.

4.1.2 If UniCredit, as the CSD participant, is declared insolvent, the client will have to enter into a contractual relationship with another participant of the CSD in order to continue having access to the CSD. The reason is that a CSD member should not be insolvent.

4.1.3 According to ZTFI-1 and contrary to general insolvency rules according to provisions of the Law on financial transactions, insolvency proceedings and compulsory liquidation) ('the ZFPPIPP'), the exclusion rights and legitimate claims of the investors under ZTFI-1 shall be deemed to have been registered in the insolvency proceedings as of the date on which the Slovene Securities Market Agency submits to the court a certified report needed for the evaluation of claims eligible within the guaranty scheme.

4.1.4 The certified report referred to in the previous Article shall be treated in the further insolvency proceedings as the basic list of tested claims as provided for in the ZFPPIPP. In this respect, a claim arising from the repayment of a secured claim eligible within the guaranty scheme shall have the status of a priority claim. The part of the applicant's eligible claim which exceeds the amount of the guaranteed claim shall be treated as an ordinary claim in the insolvency proceedings in accordance with the ZFPPIPP.

4.1.5 A claim by an investor, asserted against a member of a guarantee scheme in the context of the provision of custody services, by an authorised person, shall be treated separately from other claims and assets of the authorised person. If the provider of custody services fails to communicate to a member of a guarantee scheme, upon the latter's request, in a timely manner, the details of the actual investors in respect of a custody account, the custody account shall be treated as an account held in bearer form.

4.2 Custody account (Article 2.2 above)

4.2.1   If securities are held in a CSD in a Custody Account, the account is established directly in the name of an end-investor (either UniCredit's client or the underlying client of UniCredit's client).

4.2.2   The end-investor as the direct account holder will enjoy the highest level of asset protection. Given the fact that the end-investor will be registered in the CSD as the account holder, the end-investor will not be required to prove its entitlement to the securities held in the Custody account.

4.3 Fiduciary account (Article 2.3 above)

4.3.1   If securities are held in a CSD in the Fiduciary Account, the account is established in the name of an intermediary (either UniCredit's client or the underlying client of UniCredit's client). The intermediary acts as a Fiduciary owner of securities (hereinafter the "Fiduciary"), meaning it holds securities for an account of one or more third persons (end-investors).

4.3.2   In case of Fiduciary's insolvency, the legal position of the end-investor will be governed by the law of the country of incorporation of the Fiduciary. The end-investor will have to prove to Fiduciary's insolvency trustee that the securities in the Fiduciary Account were held by the Fiduciary for that end-investor, thus belonging to that end-investor.

5. COSTS: END-INVESTOR SEGREGATION VS. INDIVIDUAL CLIENT SEGREGATION

This Clause 5 outlines costs that may be associated with end-investor segregation and individual client segregation and how they may vary between the two types of asset segregation.

5.1 UniCredit costs

5.1.1   UniCredit fees are stipulated in the particular agreement between the client and UniCredit, based on the scope of investment services provided, investment instrument serviced and responsibility on the side of UniCredit. UniCredit fees related to account opening and maintenance vary depending on the type of account the client may choose to have at the KDD (Custody vs. Fiduciary account), in particular due to additional operational complexity related to KYC process of the account owner.

5.1.2   There are a number of costs, charges or fees associated with holding securities, which would not vary depending on the account type. These include:
a)   safekeeping fee,
b)   asset servicing fee,
c)   transaction fees (including cancellation, amendment and repair fees),
d)   out of pocket expense (e.g. recharge of notary or translation fee),
e)   tax reclaim fees and quick refund fees, and
f)   other fees that are not related to account opening and maintenance of the account.

5.2 KDD costs and other third-party costs

5.2.1   This costs disclosure is based on the KDD charging structure as of the date of this disclosure. KDD may change its charging structure from time to time and potentially when the KDD is duly authorized under CSDR. For up to date KDD fees and charges, clients can visit the KDD website provided below in Clause 5.2.4.

5.2.2   KDD account fees may vary depending on the type of account chosen (Custody vs. Fiduciary account). Clients are encouraged to review the KDD fee schedule published on the KDD website.

5.2.3   There may be other costs/charges levied by a KDD (or a third party) from time to time, which would be passed to the client as cost. These costs would not however vary depending on the type of account chosen.

5.2.4   Set out below are links to the KDD website in which UniCredit is a participant:

CSD	Link to CSD website
KDD - Centralna klirinško depotna družba, d.o.o.	https://www-en.kdd.si/

6. DISCLAIMER

6.1 While this disclosure provides an overview of the protection and costs associated with the different levels of segregation, this disclosure does not purport to contain all the information a client would need to decide which type of account to choose in the KDD.

6.2 This disclosure is provided for information purposes only and is not intended to constitute legal, regulatory, tax, investment, accounting, financial or other advice by UniCredit. This disclosure should not be used or relied upon by any person for the purpose of making any legal, regulatory, tax, investment, accounting, financial or other decision or to provide advice on such matters to any other person. Recipients of this disclosure should obtain guidance and/or advice, based on their own particular circumstances, from their own legal, tax or other appropriate advisor. UniCredit has no responsibility for any loss suffered as a result of the use of information in this disclosure.