

# Market Profile January 2017 Slovenia



## Global Securities Services

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# 1. OVERVIEW

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## 1.1 Geopolitical Data

Time Zone:	GMT + 1	
Daylight Saving Time:	YES	
Currency:	Euro (EUR)	
Banking Holidays:	<a href="#">link</a>	
EU Membership:	YES	
Schengen Zone:	YES	

## 1.2 G30 Compliance

Trade comparison by T+1 for direct market participants	YES
Trade comparison for indirect participants	YES
Central securities depository	YES
Trade netting system	NO
Delivery vs. payment	YES
Same day funds	YES
Rolling settlement T+2	YES
Securities lending and borrowing	YES
ISIN	YES

## 1.3 Country Ratings

Rating Agency	Issuer Default Rating	Foreign Currency, LT	Outlook
Fitch	A		Stable
Moody's	Baa3		Positive
Standard & Poor's	A		Positive

## 1.4 Political Overview

Slovenia became a sovereign state on 25 June 1991. On 23 December 1991, the Assembly adopted the Constitution of the Republic of Slovenia, which is the supreme legal act of the then newly established state of Slovenia.

Slovenia is a state with a parliamentary system. The Slovenian Parliament is comprised of the National Assembly and the National Council. The National Assembly exercises legislative, voting and monitoring functions. As a legislative authority, it enacts constitutional amendments, laws, national programmes, resolutions, etc. The National Council may propose laws to the National Assembly, and has an advisory role.

The President of the Republic represents the Republic of Slovenia and is the commander-in-chief of its armed forces. The President of the Republic is elected for a five-year term in a direct general election. Slovenia is a member of the United Nations since 1992, a member of the European Union since 2004, as well as a member of the NATO.

## 1.5 Economic Overview

Slovenia became the first 2004 European Union entrant to adopt the EUR on 1 January 2007 and has experienced one of the most stable political and economic transitions in Central and South-Eastern Europe. With the highest GDP per capita in Central Europe, Slovenia has an excellent infrastructure, a well-educated work force, and a strategic location between the Balkans and Western Europe. In March 2004, Slovenia became the first transition country to graduate from borrower status to donor partner at the World Bank. Since July 2010 Slovenia has been a member of the OECD.

Latest economic indicators in Slovenia are encouraging:

- The GDP growth in Q3 2016 was 2.7%.
- Industrial production increased by 4.5% in 2015. The increase of industrial production in the first ten months of 2016 in comparison with the same period in 2015 was 6.2%.
- Export growth remains high and robust. In 2015 it increased by 4.4% and in the first ten months of 2016 by 3.6% compared to the same period in 2015.
- Unemployment rate has been decreasing month by month. At the end of 2015 it was 12.3% and in September 2016 10.3%.
- Share of public debt in GDP at the end of 2015 was 83.10%.
- Inflation rate in 2015 was -0.5% and in the first eleven months of 2016 the rate was 0.6%.

## 2. REGULATION AND SUPERVISION

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### 2.1 Regulatory/Supervisory Bodies

The supervision of financial markets is carried out by the following institutions:

- **Ministry of Finance**

The Ministry of Finance manages the budget and state finances, monetary funds and national debts, and has a regulatory role in the domain of the financial system.

With the involvement of other ministries, it prepares drafts and elaborates proposals for the government's financial policy and for the harmonisation of financial and monetary policies and government measures. The Ministry of Finance sets the financial policy framework that supports the government's economic strategy.
- **National Bank**

The Bank of Slovenia (BoS) is the central bank of the Republic of Slovenia. Since the implementation of the EUR, the BoS carries out the tasks of implementation of the common monetary policy; it co-manages the official foreign reserves of the Member States in accordance with the Treaty on establishing the European Community and promotes the smooth operation of payment systems. The BoS is responsible for issuing authorisations to banks and supervising their operations.
- **Financial Markets Authority**

The Securities Market Agency (SMA) is a legal entity under public law in charge of supervising the market in financial instruments. It was founded on 13 March 1994. Its tasks and competencies are defined by the Market in Financial Instruments Act (ZTFI). The SMA is responsible for issuing authorisations to brokers, fund managers, SE and CSDs and supervising their operations. The Agency is independent in implementing its tasks and responsibilities and is financed by taxes and fees paid by the participants on the market in financial instruments.
- **Insurance Supervision Agency**

According to the Insurance Act, the Insurance Supervision Agency (hereinafter: Agency) is responsible for the supervision of the insurance market in the Republic of Slovenia. Its main responsibility is supervising insurance undertakings, insurance agencies and brokerage companies, and insurance agents and brokers. The Agency also conducts supervision of legal persons related to the insurance undertaking, if necessary, for the purpose of supervising the insurance undertaking's operation, as well as asserting additional control of the insurance undertaking within an insurance group, insurance holding company or joint-venture insurance holding company. In line with the Pension and Invalidity Insurance Act (PIIA-1), the Agency is responsible for issuing authorisations to pension companies and supervising their operations.
- **Office for Money Laundry Prevention**

The Office for Money Laundering Prevention is a constitutive part of the Ministry of Finance, performing duties relating to the prevention and detection of money laundering and terrorist financing, and other duties determined by the Act on the Prevention of Money Laundering and Terrorist Financing (Official Gazette of the Republic of Slovenia No. 68/16).

## 2.2 Key Market Regulations

Below you will find a list of the key market regulations. For a complete list with up to date information on the acts please refer to the GSS Website (<http://gss.unicreditgroup.eu>) or contact your local GSS Relationship Manager.

Regulation	Main Focus
Companies Act	Defines the basic rules of the foundation and operations of companies, sole proprietors, related persons, subsidiaries of foreign companies and their restructuring status.
Market in Financial Instruments Act (ZTFI)	Regulates the financial instruments market, threshold reporting, investment companies, investment services, depository, exchanges, supervisory activities and implements MiFID directives.
Banking Act	Regulates the setting up of credit institutions in the Republic of Slovenia, conditions under which foreign credit institutions may operate in Slovenia, supervision and management of macro-prudential and systemic risk related to credit institutions.
Book Entry Securities Act	Regulates the issuance, transfer, fulfilment of obligations and third party rights related to book-entry securities, execution of corporate actions, a central register and access to data maintained in the central registrar.
Prevention of Money Laundering and Terrorist Financing Act	The law is in line with the EU Directives. Prescribes duties, tasks, obligations and competencies of the Office for Money Laundering Prevention and organisations obliged to follow the AML regulation. Defines indicators for the identification of customer transactions suspicious of money laundering or terrorist financing. Defines duties of state authorities and holders of public authority and supervisory bodies.
The Investment Funds and Asset Management Companies Act	The act is prepared upon the EU UCITS Directive and provides conditions on establishment of investment funds and management companies, public offering, vendors, different types of funds, which could be publicly offered, and supervision of investment funds.
Takeover Act	Regulates the takeover procedure and obligatory takeover bid when an investor acquires 1/3 of the voting rights.
Alternative Investment Fund Managers Act	The Act implements EU AIFM Directive and partly implements EU Directive 2013/14/EU related to ratings of rating agencies. Defines and regulates the entities which are involved into AIF and private investment funds (PIF); authorised, qualified and registered AIFM, PIF and AIF custodians. The registration at the Securities Market Agency (SMA) is predicted for small AIFM in line with the Directive.

## 2.3 Self-regulatory Organisations

The Bank Association of Slovenia is a non-profit organisation, which represents banks active in Slovenia. The primary objectives of the Association are:

- Advocate interests of its members in relation to the state and financial authorities;
- Suggest the uniformity, modernisation, organisation, working technology and standardisation of all financial operations conducted by its members;
- Provide financial and legal consulting and engage experts on behalf of its members;
- Formulate projects of research and development of financial operations and banking;
- Organise professional training of banking personnel, information and publishing activities.

## 3. TRADING

### 3.1 Commonly Traded Instruments

EQUITIES	MONEY MARKET INSTRUMENTS
<input checked="" type="checkbox"/> ordinary shares	<input type="checkbox"/> certificate of deposits
<input checked="" type="checkbox"/> preferred shares	<input checked="" type="checkbox"/> Commercial papers
<input type="checkbox"/> employee shares	<input checked="" type="checkbox"/> REPO transactions
<input type="checkbox"/> interest bearing shares	
GOVERNMENT DEBT	CORPORATE DEBT
<input checked="" type="checkbox"/> government bonds	<input checked="" type="checkbox"/> corporate bonds
<input type="checkbox"/> treasury bonds	<input type="checkbox"/> mortgage bonds
<input checked="" type="checkbox"/> treasury bills	<input checked="" type="checkbox"/> convertible bonds
<input type="checkbox"/> treasury notes	<input type="checkbox"/> exchangeable bonds
<input checked="" type="checkbox"/> municipal bonds	
DERIVATIVES	OTHER INSTRUMENTS
<input type="checkbox"/> options	<input checked="" type="checkbox"/> exchange traded funds
<input type="checkbox"/> futures	<input checked="" type="checkbox"/> investment funds
<input checked="" type="checkbox"/> warrants	<input type="checkbox"/> Eurobonds funds
	<input type="checkbox"/> depositary receipts
	<input type="checkbox"/> commodities

### 3.2 Ljubljana Stock Exchange – LJSE

**Legal name** Ljubljanska borza, d. d., Ljubljana

**Website** <http://www.ljse.si>

**Ownership structure** 100% Zagreb Stock Exchange

**Trading members** Any brokerage firm, investment firm, bank or special financial institution registered for rendering investment services and trades can become a LJSE member. There is no limit as to the total number of LJSE members.

Following types of membership are available:

Direct member of LJSE and Remote member.

**Traded instruments** Dematerialised securities: shares, bonds, treasury bills, commercial papers, open-end funds shares, close-end funds shares, investment certificates, warrants, freely transferrable rights and other structured securities.

**Trading method** Based on meeting the LJSE liquidity criteria, securities are traded in the continuous or auction trading methods.

The continuous trading method is intended for those securities that meet the LJSE liquidity criteria regarding the number of executed trades, turnover and market depth.

The less liquid securities, which do not comply with the LJSE liquidity criteria, are traded in the auction trading method.

The two trading methods ensure greater market integrity, improve best-price-forming mechanisms, and enable the Exchange and its members to set up internal controls and thus help identify potential cases of market manipulation.

<b>Settlement agent</b>	KDD – Central Securities Clearing Corporation (KDD d.d.)
<b>Clearing agent</b>	N/A, KDD performs part of clearing functions.
<b>Trading hours</b>	Equity market                      from 09:30 to 14:30 Bond market                        from 09:30 to 14:30 Structured products market    from 09:30 to 14:30
<b>Settlement cycle</b>	T+2 Equity market T+2 Bond market T+2 Structured products market
<b>Indices</b>	SBI TOP is the first genuine LSE blue-chip index and serves as the Slovene capital market benchmark index. It measures the performance of the most liquid and highly capitalised stocks on the LSE Market. It is designed as a tradable index. Due to the liquidity of the constituents, it is intended to serve as an underlying for index-linked financial instruments.
<b>Number of listed instruments</b>	40 Equities 38 Bonds 0 Derivatives 17 Other
<b>Annual trading turnover</b>	EUR 313.5 million
<b>Annual number of transactions</b>	70 thousand
<b>Domestic market capitalisation</b>	EUR 26.0 billion
<b>Total market capitalisation</b>	EUR 26.0 billion
<b>Main index annual change</b>	SBI TOP: - 0.78%

### 3.3 OTC Trading

OTC trading has a non-organised nature and is performed over the telephone, Reuters or Bloomberg on a bilateral basis.

Regulated OTC block trading:

The minimum value of a block is EUR 130,000. Block trade can be either bilaterally negotiated between two trading members or a cross block trade transacted by a single trading member. The price of the block trade must be within  $\pm 20\%$  from the reference price.

Regulated block trading runs between 11:00 a.m. and 14:30 on each trading day. Block trades can be reported to the LJSE on a special form between 8:00 and 14:30. LJSE enters and publishes the block trade in the system as soon as possible. The settlement cycle of block transactions is subject to a mutual agreement between the parties and it can range from T+2 to T+3.

Block trades are treated as on exchange trades and are counted in the official trading volume. The price of a block trade is not included in the calculation of the official exchange price.

The following settlement procedure applies:

- Mandatory settlement as for LJSE trades. KDD's guarantee fund and the buy-in procedures apply to such block transactions. The member's obligations that arise from block trading are therefore included in the liquidity reserve;
- Or as a DVP/RVP KDD system. KDD's guarantee fund and the buy-in procedures do not apply to block transactions. The member's obligations that arise from block trading are therefore not included in the liquidity reserve.

## 4. CLEARING

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A clearing agency has not yet been established on the Slovene market. CSD (KDD) does some of the functions of the clearing services as a clearer for Ljubljana Stock Exchange trades.

## 5. SETTLEMENT

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### 5.1 KDD – Central Securities Clearing Corporation - KDD d. d.

Legal name	KDD – Central Securities Clearing Corporation
17f-7 eligibility	YES
Website	<a href="https://www.kdd.si">https://www.kdd.si</a>
Ownership structure	<p>3.46% Own shares</p> <p>22.00% Fund management companies</p> <p>24.04% Governmental funds</p> <p>50.58% Other</p>
Scope of services	KDD was founded on 10 January 1995 as a company that provides central securities custody services, clearance and settlement of securities transactions and maintenance of the central registry of holders of dematerialised securities in the Republic of Slovenia.
Accounts held	<p>Flexible account structures on the market. Two types of accounts can be opened at the CSD level in Slovenia:</p> <ul style="list-style-type: none"> <li>● Segregated accounts, opened in a name of final beneficial owner.</li> <li>● Fiduciary (omnibus) accounts.</li> </ul>
Eligible instruments	Dematerialised securities: shares, bonds, treasury bills, commercial papers, open-end funds shares, close-end funds shares, investment certificates, warrants, freely transferrable rights and other structured securities.
Level of dematerialisation	Slovene market is fully dematerialised.
Stock Exchange Settlement	<p>Clearing and settlement services for LJSE trades are provided by the Slovene Central Securities Clearing Corporation (KDD). Settlement of LJSE trades is mandatory with settlement period T+2 and the BIS DVP Model 2 (netting on the cash side, gross securities transfers). The sub-custodian is obliged to settle trade and deliver cash and securities upon trade confirmation received from a local broker even if the client does not provide instruction. Settlement is performed by means of book entry transfer. The LJSE electronic trading system (Xetra platform) provides the central depository's settlement system, CRVP, with all concluded trades. All members have direct online access to the CRVP, which allows monitoring of the trade settlement status.</p> <p>Securities and funds transfers are linked according to the agreement between KDD and Bank of Slovenia (BS). Cash settlement is executed through the accounts with the BS. Cash and security transfers have to be done by 11:00 on T+2 at the latest. Process of the final transfer of funds, starts at 13:00 on T+2.</p>

<b>OTC Settlement</b>	<p>OTC trades are settled on a bilateral basis. Settlement details shall be agreed by the contracting parties, and the settlement cycle for these trades can range from T+0 to T+3 or as agreed. Securities settlement is done by the KDD. Off-market trades can be settled according to two possible settlement methods:</p> <ul style="list-style-type: none"> <li>● A securities and cash settlement on a true DVP/RVP basis. The system is operated by KDD and the Bank of Slovenia together. The securities are continuously settled in the KDD CRVP OTC-DVP system from 7:00 to 16:00. Matching of trade details at KDD is obligatory for successful settlement. BIS model 1 is used for OTC DVP/RVP settlement.</li> <li>● Settlement of securities and cash is done separately – DF/RF settlement. Settlement of securities is done in the KDD CRVP system. Cash is settled as agreed between counterparties. The free-of-payment transfers can be done between 7:00 and 18:00 CET.</li> </ul> <p>The manual settlement process of off-exchange trades was replaced by an automated matching process and SWIFT connection in November 2012.</p>
<b>Settlement Protection</b>	<p>A settlement protection mechanism is provided by the KDD only for trades concluded on the LJSE due to an obligatory settlement of T+2 on these trades. The following mechanisms are in place to assure mandatory settlement:</p> <ul style="list-style-type: none"> <li>● Liquidity reserve;</li> <li>● Guarantee fund;</li> <li>● Partial settlement and cancellation of the trade;</li> <li>● Buy-in / sell out procedure;</li> <li>● Pledge of securities held by the defaulting settlement member on its proprietary account;</li> <li>● Temporary (partial) disconnection of a settlement member from the settlement system.</li> </ul> <p>For off market trades and block trades which are settled as OTC trades, settlement protection mechanisms are not applicable.</p>
<b>Investor Protection</b>	<p>In Slovenia, securities are held on segregated or omnibus accounts opened in the name of the custodian or custodian's underlying clients at the CSD. In the case of bankruptcy of a sub-custodian, the securities do not become a part of the bankrupt's estate.</p> <p>A deposit of cash on the basis of a deposit agreement with the bank is not protected. The deposit contract is a "depositum irregular". In the case of a bank bankruptcy, the depositor becomes an unsecured creditor. It is possible that the depositor will not fully recover its cash.</p> <p>In the case of cash originating from transactions with securities, the sub-custodian has to open a special bank account. Pursuant to Article 269 and 251 of the MiFIA, the custodian has the right to exclude cash funds on this bank account from the bankrupt estate. Accordingly, cash originating from transactions with securities can be fully recovered.</p> <p>According to the Book Entry Securities Act, the sub-custodian and the KDD shall be objectively liable (strict liability) for their failures.</p>
<b>Identified Risk</b>	<p>None. Remark: KDD provides limited support for corporate actions.</p>

## 6. PAYMENT SYSTEM

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### 6.1 General Information

The following payment systems operate in Slovenia:

- TARGET2-Slovenija operates on the single shared platform of the TARGET2 system, and in formal legal terms is a system controlled and operated by the Bank of Slovenia and intended primarily for the settlement of large-value time-critical payments in Euros. The settlement of the cash part of the security settlement is done in TARGET2 through cash accounts opened at the Slovene Central Bank. The system operates for interbank transfers until 18:00. The payments are executed on a gross basis and online.
- The SEPA external credit transfers (SEPA ECT) system, which is operated by the firm Bankart d.o.o., allows Slovenian banks and savings banks to participate indirectly in the STEP2 SCT system operated by EBA Clearing, and is designed for the processing of SEPA credit transfers with no limit on payment value. The system is used for commercial payments only. Payments are executed in batches.
- The SEPA internal credit transfers (SEPA ICT) system, which is a multilateral netting payment system operated by Bankart d.o.o., allows for the execution of internal SEPA credit transfers. The system is used for payments up to EUR 50,000. Payments are executed on a net basis and in batches. The first batch is executed at 8:00 and each second hour thereafter. The last batch is at 16:30.

The supplementary payment infrastructure in Slovenia comprises systems for the interbank settlement of retail payments arising from card-based payments and cash withdrawals.

All transaction account numbers in Slovenia have the IBAN structure. From January 2003, all banks have been obliged to use IBANs in all domestic and cross-border customer transfers. The structure of IBAN numbers in Slovenia is: SI56 and 15-digit transactional numbers.

### 6.2 Limitations, Deadlines, Cut-off times

TARGET2 is open according to the calendar applicable at the seat of the ECB. TARGET2 business days are the de facto settlement days for the financial markets in Euros, as well as for foreign exchange transactions involving the Euro.

TARGET Deadline: 18:00 CET

Cut-off time: 16:30 CET

## 7. SECURITIES LENDING

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### 7.1 Securities Lending

There is no institutionalised securities lending in Slovenia. However securities lending is possible on a bilateral basis.

### 7.2 Short Selling

Short selling is not allowed on the Slovene market.

## 8. CORPORATE ACTIONS

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### 8.1 Common Corporate Action Events

MANDATORY EVENTS	VOLUNTARY EVENTS
<input checked="" type="checkbox"/> dividend, cash	<input checked="" type="checkbox"/> exercise of rights
<input checked="" type="checkbox"/> dividend, option	<input type="checkbox"/> issue, priority
<input checked="" type="checkbox"/> dividend, stock	<input checked="" type="checkbox"/> exchange offer
<input checked="" type="checkbox"/> interest payment	<input checked="" type="checkbox"/> tender offer
<input checked="" type="checkbox"/> issue, bonus	<input checked="" type="checkbox"/> repurchase offer
<input checked="" type="checkbox"/> issue, rights	<input checked="" type="checkbox"/> shareholders meeting
<input checked="" type="checkbox"/> maturity	
<input checked="" type="checkbox"/> maturity final	
<input checked="" type="checkbox"/> merger	
<input checked="" type="checkbox"/> pari-passu	
<input checked="" type="checkbox"/> redemption, early	
<input checked="" type="checkbox"/> redemption, partial	
<input checked="" type="checkbox"/> spin-off	
<input checked="" type="checkbox"/> split	
<input checked="" type="checkbox"/> split, reverse	

### 8.2 Dating Conventions

The entitlement is determined according to the settled position on record date. Ex-date is defined as record date -1 working day. All details like ex-date, record date and pay date are published in the issuer's prospectus.

### 8.3 Sources of C/A Information

Corporate events are published on the Ljubljana Stock Exchange information system (SEOnet), the issuers' web page, the Official Gazette and in daily newspapers widely circulated in Slovenia.

### 8.4 Local C/A Specifics

The market has little experience in corporate actions. Rights issues, share splits, tender offers, mergers, stock dividends etc. are legally recognised events. Rights are neither tradable nor transferable; they can only be exercised. The de-registration and re-registration process is initiated automatically at the KDD during the settlement process. Documentation is prescribed by the issuer and has to be provided for each CA.

## 9. PROXY VOTING

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### 9.1 General Characteristics

Voting rights are calculated according to the settled positions at the CSD at the close of business on a record date. The UCI Slovenia deadline for clients to instruct is two business days before the market deadline. In Slovenia, shareholders who are owners, or their proxies, are required to be present at an AGM/EGM. It is required for the shareholders (or their proxies) to register four days before an AGM/EGM. For each AGM/EGM, the agenda issuers announce which documentation is needed in order to attend the AGM/EGM.

A power of attorney needs to be signed by the owner of the securities account opened at CSD. POA's are issued for every AGM individually.

Companies have different voting methodologies: either a show of hands or electronic voting device. If the company requires owners or proxies to vote with a written ballot (paper) the UCB Slovenia proxy would complete the documentation on behalf of the client.

### 9.2 Announcement

Announcements are made at least 30 days in advance. The announcement for listed companies should be published on the Ljubljana Stock Exchange information system (SEOnet), the issuers' web page, the Business Register AJPES, the Official Gazette and in a daily newspaper widely circulated in Slovenia.

### 9.3 Voting Process

Twenty-four hours after a C/A announcement, UCB Slovenia will inform clients on details regarding the AGM/EGM. MT564 notification on agenda items is sent to clients on the announcement date (announced: RD, market deadline, documents needed to attend the AGM/EGM).

Receipt of client instructions via MT565 and required documentation needs to be provided by the UCB Slovenia response deadline, which is two business days before the market deadline. Confirmation of the receipt of an MT565 is sent by MT567.

The registration of attendance by UCB Slovenia has to be completed by the market deadline.

An official notice by the issuer on the resolutions accepted/rejected at the AGM/EGM is sent by MT568, confirming the meeting results.

## 10. INCOME COLLECTION

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### 10.1 Dividend payments

Dividends are generally payable on an annual basis. Dividend distributions are announced at the annual general meeting of the issuer. There is no established market practice regarding a common timing for the ex, record or payable date. The record date, payable date and gross per share are confirmed at the AGM. The peak period for dividend payments is from July to October. There are no restrictions for repatriation of dividends for foreign investors.

<b>Announcements</b>	Dividend distributions are announced on the Ljubljana Stock Exchange information system (SEOnet) and on the issuers' web page.
<b>Dating Conventions</b>	The entitlement is determined according to the settled position at the CSD at the end of the record date. Ex-date is defined as the record date -1 working day. The payment period ranges usually from 30 to 60 days after the AGM. If the payable date is not determined at the AGM, the dividends must be paid within 15 days following the AGM.
<b>Payment Execution</b>	The KDD provides the issuer with the records of the registry on the record date. The dividend payment is then executed by the issuer or a paying agent to the account of the local sub-custodian bank, which allocates the payment to the individual accounts of the foreign investor or the accounts of their global custodians. Shareholders' accounts are credited with the dividend amount only after actual receipt from the paying agent.

### 10.2 Interest & Maturity Payments

Bonds usually pay interest on an annual or semi-annual basis at the end of the amortisation period. Payment is done by the issuer or the agent bank. For the distribution of interest to the account holder, the same rules apply as for the distribution of dividends.

<b>Announcements</b>	Interest distributions and maturity payments are announced on the Ljubljana Stock Exchange information system (SEOnet) and on the issuers' web page.
<b>Dating Conventions</b>	The entitlement is determined according to the settled position at the CSD at the end of the record date. Ex-date is defined as the record date -1 working day. If the payment date for interest and principal is not defined, the entitlements should be paid within two working days after the end of the amortisation period.
<b>Payment Execution</b>	The KDD provides the issuer with the records of the registry on the record date. The interest payment is executed by the issuer or a paying agent to the account of the local sub-custodian bank, which allocates the payment to the accounts of the clients. Investors' accounts are credited with the interest amount only after actual receipt. All interest payments are paid in gross amount on a payment date published in an amortisation plan. Payment is performed on ACTUAL/ACTUAL basis.

# 11. TAXATION

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## 11.1 Withholding Tax

The general withholding tax rate for legal entities is 15%. It applies on interest and dividends. The general withholding tax rate for individuals is 25%. It applies on dividends and interest. Income paid through intermediaries without status of an authorised foreign intermediary is taxed with the highest WHT rate in Slovenia.

Tax Rates	Type of Income	Tax Rate
	Interest	15%
	Interest on Deposits	Exempt
	Interest on Bonds	Exempt
	Dividend	15%

**Relief at Source** Relief at source is possible for intermediaries with AFI status and for beneficial owners of the income. AFI provides data on the beneficial owners of income on a prescribed form four days prior to income payment. The intermediary, beneficial owner provides a CoTR, a request for reduction or exemption of tax upon DTT and a prescribed statement.

**Tax Reliefs** Tax relief applies to interest or dividends paid by banks to entities or residents from the EU and EEA who are not able to credit withholding taxes paid in Slovenia to pension funds from EU and EEA countries.

## 11.2 Capital Gains Tax

In general, non-resident investors, entities and individuals are not subject to a capital gains tax. Capital gains tax only applies to non-resident entities with a permanent establishment in Slovenia. Foreign individuals pay tax on capital gains only if it is derived from the disposal of a prevailing share of a Slovenian legal entity and if more than 50% of the value of the said entity is coming from immovable property.

Capital gains acquired by a resident or legal entity in Slovenia are included as ordinary income and taxed accordingly. An individual resident of Slovenia is subject to capital gains taxation. Capital gains are taxable by assessment.

**Tax Rates** Tax rate is 25%.

**Relief at Source** N/A Capital gains are taxable by assessment.

**Tax Reliefs** Tax rates decrease to 15% after 10 years, 10% after 15 years, 5% after 10 years and, if held for more than 20 years, the tax rate is 0%.

## 11.3 Stamp Duty

Stamp duty tax is not applicable in Slovenia.

**Tax Rates** N/A

**Tax Reliefs** N/A

## 11.4 Other Taxes

There are no other special taxes, charges or duties applicable in Slovenia.

### 11.5 Tax Reclamation Process

The following refunds are possible in Slovenia: first quick refund, second quick refund and a regular refund. The first and second quick refunds are applicable to intermediaries with AFI status and intermediaries, beneficial owners of the income. The first quick refund is possible until the 10th day of the month following the month which the income was paid in. The second quick refund is possible up to 3 months and 10 days after the month which the income was paid in. Documentation requirements for quick refunds is the same as for tax relief at source. Intermediaries with AFI status should provide data on beneficial owners of the income on the prescribed form. The intermediary, beneficial owner should provide a CoTR, a request for a reduction or exemption of tax upon DTT and a prescribed statement on the beneficial ownership of the income.

Regular refunds are possible within five years after the payment date. The tax refund claim procedure takes 2-3 months. A tax reclaim can be filed directly at the Financial Administration or through the local sub-custodian.

The following documentation is required for tax refunds in general: A Power of Attorney, SWIFT instruction MT599, and applicable form for a tax refund.

For a tax refund for beneficial owners from non-DTT countries, the following documents are required in addition: a prescribed form for refund upon article 383, a certificate of registration, a tax number issued by an authorised institution and proof(s) of receipt of the income. The transaction number of the received income and tax deducted, which is reported by the tax administration, is provided by the local sub-custodian.

For a tax exempt the following additional documents are required: A CoTR and a statement that one is entitled to benefit from the named tax exemption. This statement should describe reasons for inability to credit the WHT paid in Slovenia in the tax domicile country supported by the law and regulations of the tax domicile country.

### 11.6 Double Taxation Treaties

Due to the amount of data, for the most up to date DTTs please refer to our website: <http://qss.unicreditgroup.eu>  
DTTs are listed in the /MARKET/DOCUMENTS section.

## 12. DISCLOSURE REQUIREMENTS

### 12.1 Obligations for Issuers

Slovene issuers of listed shares are obliged to inform the LSE about any price sensitive developments. The information has to be published in at least one newspaper widely circulated in Slovenia or on SEOnet as soon as possible. The following information has to be disclosed:

- Changes in the core performing activities of the company;
- Planned crucial changes in the financial and accounting policies of the company;
- Shareholders meetings;
- Changes in the management staff;
- Changes in the ownership structure;
- New issues of securities;
- Decisions on dividends;
- Amount of approved capital and related issue of shares;
- Change of ownership stake in a company held by a member of the managing or supervisory board.

### 12.2 Obligations for Investors

The Market in Financial Instruments Act requires that investors disclose, through an acquisition or sale, every bridge of change of 5%, 10%, 15%, 20%, 25%, one third (1/3), 50% and 75% of the shares of voting rights. The stockholder, whether foreign or domestic, must notify the Securities Market Agency and the Company within four days of the relevant change. The basis for establishing a major holding consists of all holdings of a public company with voting rights, including its own redeemed shares and shares the exercising of which is limited by law or the articles of association of the company in accordance with the law.

The obligation for threshold reporting on omnibus accounts is with the beneficial owner or with the third party, which executes voting rights on behalf of the beneficial owner.

The Takeover Act requires a mandatory public takeover bid when 1/3 of the stake of a company is reached. The reporting and mandatory public takeover requirements apply for residents and for non-residents.

Foreign investments in military related industries require government approval.

A person that has acquired a takeover threshold of 1/3 of voting rights of the target company with the intent to execute a financial restructuring of the target company and to assure its capital adequacy or its long term ability to pay, before the procedure of insolvency has started, is exempt from the obligation to make a takeover bid, in case this person acquires an approval from the SMA beforehand. The exemption from takeover bid in this case is valid for five years after such securities are acquired.

A person that is exempt to make a takeover bid as described above, becomes obliged to make a takeover bid if the first next acquisition of the securities of the target company happens before the 5-year period expires (counting from the day of the first acquisition of the securities were acquired), with condition that such person still exceeds the takeover threshold in such a company.

Obligation Name	Obligation Type	Trigger Threshold	Action	Addressee
Media	Approval	20%	prior to purchase	Ministry of Culture
Brokerage houses	Approval	10%,20%,1/3 and 50%	prior to purchase	Securities Markets Agency
Assets management companies	Approval	10%,20%,1/3 and 50%	prior to purchase	Securities Markets Agency
Banks	Approval	10%,20%,1/3 and 50%	prior to purchase	National Bank
Insurance companies	Approval	10%,20%,1/3 and 50%	prior to purchase	Agency for Insurance Supervision
Investors	disclosure	5%, 10%, 15%, 20%, 25%, 1/3, 50% and 75% of voting rights	Within four days of the relevant change	Securities Markets Agency
Investors	takeover	1/3	Immediately	Securities Markets Agency

### 12.3 Violation Consequences

The penalty for a violation of threshold reporting rules ranges from EUR 25,000 to EUR 500,000 for the investor. The penalty for a responsible individual or investors ranges from EUR 800 to EUR 10,000. For severe violation, penalties can be raised to 5% of yearly turnover or twice the amount of the benefit gained due to the violation for the investor and to EUR 30,000 for the responsible person.

An investor who did not receive approval for a qualified share in a financial institution is not allowed to exercise their voting rights. If the approval is not received within one month following the acquisition, the authorised institution will require the sale of shares.

An investor who does not declare a takeover bid is not allowed to exercise voting rights and is penalised with an amount of EUR 50,000 to EUR 150,000; for a severe violation, this amount can be raised up to EUR 375,000. The penalty for a responsible individual ranges from EUR 2,000 to EUR 10,000 and, for a severe violation, this can be raised to EUR 30,000.

## 13. ACCOUNT MANAGEMENT

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### 13.1 Common Account Structures

Slovenia has a flexible security account structure, offering both omnibus/fiduciary and segregated accounts. The security accounts are opened at the CSD level. A unique identification number, called KID, is dedicated to each owner of the security account by the KDD. Upon receipt of this number, an unlimited number of security accounts can be opened on behalf of one owner at the KDD.

### 13.2 Segregated Accounts

Characteristics of the segregated account:

- The account is opened in the name of a beneficial owner at the CSD level;
- This type of account can be opened on behalf of individuals, legal entities, branches and sub-funds which are not legal entities;
- The account holder is allowed to open an unlimited number of accounts at the CSD.

### 13.3 Nominee/Omnibus Accounts

Characteristics of the omnibus/ fiduciary account:

- The holder of the account is the legal holder of book-entry securities credited to such an account;
- A fiduciary account can be opened by a notary public, a lawyer, legacy custodian, special custodian, insolvency manager or another person providing custodian services in the scope of its regular activity or occupation;
- Tax procedure is in place;
- Split/partial voting is possible.

### 13.4 KYC/AML Requirements

AML requirements are valid for omnibus and segregated security accounts opened at the CSD level. The disclosure of underlying clients on omnibus accounts is not required. There are three different account opening procedures and requirements for different types of investors:

- A simplified procedure for financial institutions from the EU and third equal countries;
- A standard procedure;
- A comprehensive procedure for clients from countries with a higher exposure to money laundering or terrorist financing.

A certificate of registration not older than three months, a list of legal representatives, a list of authorised signatures, a client evidence sheet and a notarised power of attorney are required documents.

A disclosure of an ownership structure up to a final owner-individual is required for the standard and comprehensive procedure. The renewal of documentation for clients entitled to the comprehensive procedure is required on a two-year basis, for clients entitled to the standard procedure, on a three-year basis and for clients entitled to a simplified procedure, on a five-year basis.

The renewal of the documentation is required for both active and dormant accounts in accordance with the Bank of Slovenia's guidelines because the bank must not allow reactivation of dormant securities accounts in their books unless all account documentation is in place and up to date. An account is considered dormant when there have been no assets or transaction within 24 months on the account.

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