

Dear Client,

Pursuant to the relevant national and European legislation (including EU Directive 2004/39/EC – MiFID), Citibank Europe plc, organizační složka („**Citibank**“) hereby briefly notifies you of (i) the position of and participation of Citibank in a foreign-based investor compensation scheme for authorized firms undertaking its investment business in a state where Citibank Europe plc (as an incorporating entity of Citibank) has its existing registered and true office (“**Investor Compensation Scheme**” or “**ICCL**”) within the meaning of relevant provisions of Section 133 of Act No. 256/2004 Coll., the Capital Markets Act, as amended („**CMA**“), (ii) the manner of determination of an amount of the compensation eligible to the clients from the ICCL, (iii) the terms of payment of the compensation from the ICCL. Also, Citibank would like to advise you of the information on settlement systems to which Citibank is a member.

Position of Investor Compensation Scheme.

Pursuant to relevant provisions of CMA, Citibank is a so-called foreign entity providing investment services within the territory of the Czech Republic, whereas it may in accordance with applicable laws participate in an investor compensation scheme other than in which it may have established or maintained its branch. Due to the fact that a founder of Citibank, Citibank Europe plc, a bank organized and existing under the laws of the Republic of Ireland, has been and will continue to be a member to ICCL based in Ireland, Citibank has become also a member to this scheme. The Investor Compensation Scheme (ICCL) – *the Investor Compensation Company Ltd* – is a legal entity organized and existing pursuant to Irish laws, particularly the Investor Compensation Act, 1998 (“**Act**”). The main purpose of the scheme, as determined by the Act, is to provide adequate funds out of which eligible investors of failed investment firms are compensated. The funds are generated solely from contributions from investment firms. The scheme can pay compensation only in cases where an authorised firm is unable due to its financial circumstances to return money or investments owed to investors.

ICCL has been set up to run the scheme and to make compensation payments. If a member firm of the scheme goes out of business and cannot return investment instruments or money to investors, they are entitled to make a claim for compensation to the ICCL. Further details on ICCL can also be available at <http://www.investorcompensation.ie> .

Trigger event.

The ICCL can only begin the process of making compensation payments to investors once it has been advised by the competent Irish regulator, the Irish Financial Services Regulatory Authority (“**Financial Regulator**”) that an authorised firm has either:

- (a) been the subject of a court ruling which prevents the firm returning money or investment instruments to clients; or
- (b) been the subject of a determination by the Financial Regulator that the firm is unable to meet its obligations arising from claims by clients.

Communication with clients of the relevant firm.

Once it has been so advised, the ICCL will write to all known clients of the failed firm advising them of their right to make a claim for compensation. It will also place notices in the national newspapers and/or in a so-called Iris Oifigiúil, seeking claims from investors. In accordance with the provisions of the Act investors will be given at least five months from the court ruling or determination by the Financial Regulator in which to make a claim.

Citibank Europe plc, company established and existing under the Irish law, registered seat at Dublin, North Wall Quay 1, Ireland, registered in the Register of Companies in the Republic of Ireland, under the number 132781, conducting its business in the Czech Republic through Citibank Europe plc, organizační složka, registered seat at Prague 6, Vokovice, Evropská 423/178, Postal Code 166 40, Reg. No. 28198131, registered in the Commercial Register with the Municipal Court in Prague, Section A, Insert 59288.

Validation of claims.

The validation of claims is carried out by an 'Administrator' who will be either the court appointed liquidator to the firm or some other person appointed by the Financial Regulator.

Deadline for Payments.

Payment of claims will take place within three months of the validation of the claim by the Administrator but the aim of the ICCL is to make payments as quickly as possible after validation of the claim.

The following types of firms are covered by the scheme:

- investment firms,
- stockbrokers,
- insurance brokers, agents and tied agents of insurance companies,
- banks and building societies that carry out investment services,
- accountants certified by their professional bodies to conduct investment business,
- credit unions that provide investment and insurance services.

The following firms and business are not covered by the scheme:

- insurance companies,
- the deposit-taking business of banks, building societies and credit unions,
- foreign firms selling their investment services into Ireland from abroad (but you may be covered by a scheme in their home country),
- collective investment schemes such as unit trusts.

Investment Services and Products covered by the Scheme.

A very broad range of investment services and products, when sold by investment firms, is covered by the scheme. These include:

- transferable securities including public and private company shares, debentures, bonds, certificates of deposits and other instruments creating or acknowledging indebtedness of relevant entities,
- units or shares in undertakings for collective investments in transferable securities within the meaning of relevant European Communities such as unit-linked funds,
- life and non-life insurance policies,

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- certain derivative transactions such as futures and options.

Circumstances where investors are not entitled to claim under the scheme.

Compensation limits

There are limits to the amount of money eligible investors can claim, so if investors have a large investment they may not be fully protected with this scheme. The ICCL can pay up to 90% of the amount lost, subject to a maximum of €20,000 for each investor.

For example, if the investment loss was €10,000, the investor would be entitled to compensation of €9,000 or 90 per cent of the amount lost. If €30,000 was invested, the investor would receive the maximum compensation of €20,000, even though that is just 67 per cent of the loss.

How to claim compensation.

If a firm authorised by the Financial Regulator is forced to go out of business, the ICCL will start the compensation process. They will provide the investor with a claim form if they are an investor with the failed firm, and will provide all the instructions needed about how to fill in the form and where to send it.

Settlement. Citibank is a member of UNIVYC a.s. and all transactions in which local securities are involved are settled generally through UNIVYC a.s. In addition, Citibank is a direct participant in the SKD (the local t-bills system) and any and all such transactions, in which local government-issued short-term bonds are involved, are settled by Citibank in accordance with the SKD rules. Transactions involving foreign securities are generally settled through the foreign-based Clearstream system. Specific information regarding the manner of settlement, in particular settlement systems, will depend namely on the respective type of an investment instrument that is subject of settlement. If you are further interested as to how the given investment instrument is particularly settled, Citibank will, at the request, be pleased to provide you with more information (e.g. deadline for the right of irrevocability of settlement instructions, etc).

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At the request, Citibank will provide you with the detailed information on the regime of performance by the ICCL, or any other query that you might have in connection with the provision of the above-concerned services by Citibank. Please call CitiPhone at (+420) 233 062 222 (for Individuals and CitiBusiness) or call (+420) 233 061 472/233 061 703 (for Legal Entities, save for CitiBusiness).