



SEE Markets Road Show SLOVENIA

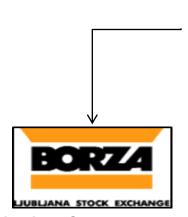
London, September 10th & 11th, 2013

Vanda Močnik Kohek - Head of GSS Slovenia





The Market Structure – Slovenia



Ljubljana Stock Exchange

Instruments:

Equities, corporate,government and municipal bonds, commercial papers, T-bills, Fund points;

Number of listed securities: 118 (July 2013)

Market capitalization: EUR 17.663 bn (July 2013)

Turnover: EUR 26.7 mn (January – July 2013)

Securities Market Agency



Central Depository

Shareholders:

4,42 % Own shares,

7,50 % Banks,

18,46 % Fund management companies,

26,73 % Governmental founds,

42,89 % Other

Members: in total 21 of which 12 custody banks and 5 brokers and 5 members with remote access

Accounts: segregate and omnibus (no limitation on number of accounts)



Market Infrastructure – Regulators







- Is legal entity under public law in charge of supervising the market in financial instruments.
- Was founded on 13 March 1994.
- tasks and competencies are defined by the Market in Financial Instruments Act (ZTFI).
- Is independent in implementing its tasks and responsibilities.
- Is financed from taxes and fees paid by the participants on the market in financial instruments



GOVERNMENT OF THE REPUBLIC OF SLOVENIA

Central Bank

The Bank of Slovenia:

REPUBLIC OF SLOVENIA

- Is the central bank of the Republic of Slovenia.
- Is a legal entity governed by public law.
- It is autonomous in disposal of its own assets.
- Is independent and not bound to any decisions, positions or instructions of state agencies or any other bodies.
- Since the introduction of the Euro on 1 January 2007is carrying out its tasks, fully abides by the provisions of the ESCB and ECB Statutes.



Ministry of Finance

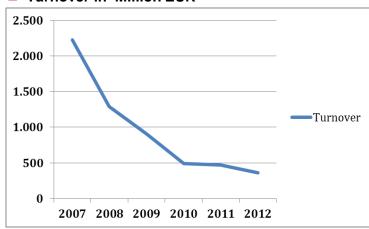
The Ministry of Finance:

- Manages the budget and state finances, monetary funds and national debts.
- Has a regulatory role in the domain of the financial system.
- Prepares drafts and elaborates proposals for the government's financial policy and for the harmonization of financial and monetary policies and government measures.
- Sets the financial policy framework that supports the government's economic strategy

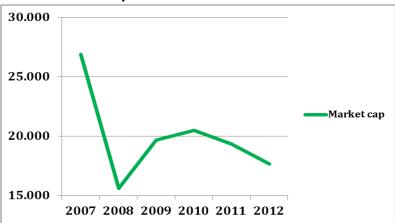


Market Trends on Ljubljana Stock Exchange

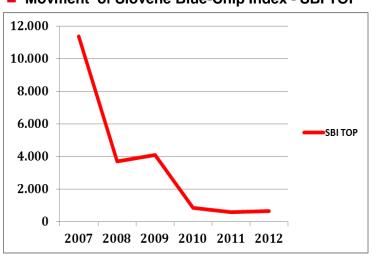
■ Turnover in Million EUR



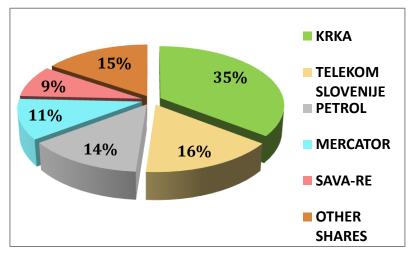
Market Capitalization in Million EUR



■ Movment of Slovene Blue-Chip Index - SBI TOP



■ Shares by turnover in July 2013





Major Market Issues - Slovenia

- Slovenia is EU member since 2004 and EMU member since 2007 when EUR was adopted. FX risk is abolished. Settlement of securities is executed in EUR.
- Flexible account structure on the market. Omnibus and segregated accounts can be opened at the CSD level. Account holder is allowed to open several segregated or fiduciary accounts at CSD.
- Tax procedure for segregated and omnibus accounts is in a place. Tax relief at source, quick tax refund, tax refund and tax exempt are possible since mid of 2010.
- Ljubljana SE is 100% owned by CEESEG AG.
- Settlement of LjSE trades is mandatory on T + 2. Subcustodian is liable for the settlement. Borrowing and lending of securities is possible, but not supported by Slovene CSD. Buy-in and Sell-out procedure are in a place.
- OTC trading is possible. LjSE offers two types off exchange trading: cross-trading and regulated trading. OTC trades could be settled as LjSE trades, DVP/RVP or FOP.
- Assets protection The segregation of assets between members and underlying clients is compulsory at the KDD level. All assets are held on the security accounts opened at the CSD in the name of custodians or in the name of their underlying customers. Assets on security accounts aren't part of the bankruptcy mass.
- Investment restrictions for foreign investors are the same as for local ones with exemption of investments into military industry which requires Government approval.
- There is no standard procedure for most of corporate actions and documentation is required for most of CA.



Latest market development, changes in the past 24 months

■ Changes in the market infrustructure

CSD-KDD:

- SWIFT connection for OTC trades implemented in November 2012
- The Matching and Settlement Standards (ISO15022) Slovenia Market Practice was prepared by the Slovenian National Market Practice Group in May 2012

LiSE:

- CEESEG AG acquired 100 % of LJSE in (May 2012)
- Upgrade of Xetra system (November 2011)

□Impacts on clients

□ Full implementation of straight-through processing in settlement of OTC trades in Slovenia and lowering of operational risk

☐ LjSE is fully owned by CEESEG AG and is developing in a line with group strategy

Changes in the regulatory and tax environment

- Change of AML legislation up-dated list of countries AML risk rating (September 2012)
- The Bank of Slovenia and KDD signed T2S Framework Agreement. (June 2012)
- Amended Take Over Act (July 2013)
- Tax rate on interest and dividends paid to individuals was increased from 20% to 25%.(January 2013)

□<u>Impacts on clients</u>

- ☐ Increased AML documenation requirements
- □ Slovenia is in T2S
- □ Increased stake for obligatory bid offers to 1/3 of voting rights
- ☐ Increased tax rate for all investors which didn't apply for tax relief at source



Expected changes in the next 24 months

■ Expected changes in the regulatory and tax environment

- EMIR regulation in process of implementation
- AFIMID implementation
- EFTT Slovenia is among 11 EU countries which agreed to implement the EFTT. It is predicted to implement EFTT on 1 July 2014
- FATCA will be implemented in July 2014. UCB group will be FATCA complaint. Slovenia will sign IGA modul 1 with IRS

T2S

- Expected integration in T2S in 4th wave at the beginning of year 2017
- Layered model will be used for connection with T2S due to prevailing segregated account structure
- CA platform will be implemented in 2017 data base where all information on the issuers will be available
- At the moment CSD is working on four major types of CA (mandatory reorganizations, voluntary reorganizations, payments (dividend, interest), issues and redemptions of securities)
- Draft changes on Dematerialized Securities Act and Takeover Act

□<u>Impacts on clients</u>

- □ Slovene market regulation in line with EU regulations.
- Additional taxation of transactions with securities and derivatives.

□<u>Impacts on clients</u>

- □ Settlement of securities, registered in the CSD will be executed in T2S.
- ☐ Harmonisation of CA processes with international standards.
- □ CSD will be central source for all CA.



The major challenges - Slovenia

■ The major challenges in the coming 12 months:

- Implementation of EFTT
- 2. FATCA implementation
- 3. T2S implementation
- 4. Harmonization of CA process
- 5. Further process of privatisation

■Lobbying for:

- Lobbying against EFTT
- Cooperation with MoF and Tax Administration in process implementation
- 3. Participation in NUG
- 4. Participation in MIG



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