**EXPLANATORY MEMORANDUM**

**V.**

on the Act amending certain acts in connection with the development of the capital market

**GENERAL PART**

1. **Assessment of the current legal situation, including an assessment of the current state in relation to non-discrimination and equality between men and women**

At its meeting on 4 March 2019 (Resolution No. 156), the Government of the Czech Republic approved the National Strategy for the Development of the Capital Market in the Czech Republic 2019 - 2023 (hereinafter referred to as the “**National Strategy**”). This National Strategy was published on the website of the Ministry of Finance of the Czech Republic (hereinafter referred to as “**MFCR**”) on 14 March 2019[[1]](#footnote-2). The National Strategy contains 27 areas that need to be revised and proposes 34 measures to implement them. Many of these measures are of a legislative nature (a change of the law is required to implement them) and have a deadline of Q4 2019, i.e. the end of 2019. The deadline set in the National Strategy means the planned deadline for submitting a legislative proposal to the Government. This is also in line with the Government’s Plan of Legislative Work for 2019, where this amendment is foreseen, but due to the difficulty of some discussions, the deadline has been requested to be postponed until the end of May 2020. The proposed amendment is also in line with the Government’s Program Statement[[2]](#footnote-3), which provides inter alia: “We will support the development of the financial market and strengthening of its resistance. We will also focus on protecting the rights of consumers of financial services and developing financial literacy. “.

Other parts of the Government’s Program Statement are related to the National Strategy and changes in laws proposed in this amendment, such as "We respect the principle of fiscal neutrality. We will ensure the review and merger of tax exemptions and will prevent the introduction of others, which will provide scope for a general reduction in the tax burden. We will push through a proposal for a new conceptual legal regulation of income taxes, which will newly regulate the taxation and the system of insurance contributions from this income with the aim of simplifying taxes and eliminating tax distortions. We will conclude the process of income tax recodification with the preparation of an integrated system of tax and insurance administration that will enable these legal obligations to be paid in one place.” (Finance and state management), “We will set up an expert pension reform working team, which will assess proposals, current situation and expected development and which will propose a solution that maintains existing entitlements, defines a standard of security in old age on the principle of solidarity, reinforces the principle of merit and motivates people of working age to use supported forms of individual security in old age. The Ministry of Labour and Social Affairs will submit a proposal preserving the benefits of the current system, such as stability and a high degree of legal certainty, low cost, professionalism and public-administration guarantees in the management of insurance premiums, while separating the revenues and expenditures management of pension insurance from the state budget. The system set up by the future reform must be stable, understandable and financially secured in the long term, so the change will be implemented in a form that will receive broad political and social support.” (Social Policy and Employment), “SMEs are a solid and irreplaceable part of the domestic economy and the main driver of the current economic growth.” (Industry and Trade) and “The membership of the Czech Republic in the European Union and enforcement of its interests in the respective bodies is a priority for the Government. Czech Republic must be seen as an active and respected member country.” (Foreign Policy and the European Union).

Here is an overview of the measures contained in the National Strategy. Those marked with a thick arrow 🡺, require legislative action and are part of this bill. Those marked with an asterisk 🟎, require legislation but are not part of this bill. Other measures (marked with a circle ●) are not of a legislative nature.

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| **PLAN** | **BODIES CONCERNED** | **DATE** |
| 🡺 Propose the introduction of an individual savings account and submit to the Government a draft amendment to the relevant laws (in particular the ITA and the Capital Market Business Act )  | MF, MLSA, AKAT, APS CR, ČAP, ČBA, ČMKOS | Q4 2019 |
| ● Initiate discussions on how to reduce the cost of purchasing securities issued by investment funds on the investor’s initiative and potentially propose appropriate regulatory changes to such sales without consulting  | MF | Q4 2019 |
| ● Take into account the topic of capital markets and long-term investment for surplus households as part of the revision of the National Strategy for Financial Literacy  | MF | Q4 2019 |
| ● Actively engage in activities in relation to the examinations of investment advisors so that they fulfil their purpose, i.e., to be effective | MF, EFPA Czech Republic, VŠFS, AKAT, CBA, CASAS, Masaryk University, Kahn School, accredited institutions (e.g. VECTOR Certification) | Q4 2019 |
| ● Create a web-based information guidepost about securities and their issuers  | MF | Q4 2020 |
| ● Identify and remove barriers to the availability of currency *hedging* for investors  | MF | continuously |
| ● Further analyse whether the legislation effective from June 2019 requires issuers to send to the Central Depository all relevant information and whether this information is properly passed on to the final investors and possibly propose further measures  | MF, MSp, CDCP | Q4 2021 |
| ● Analyse the possibilities of the most appropriate communication strategy towards SMEs and then implement the recommended measures  | MF, European Commission (SRSP), MIT, ME, CzechInvest, HK ČR, PSE, VŠE  | Q4 2019 |
| ● Provide time data collection on *business angels* investment activities and update it annually (similar to existing *venture capital* market data) | MF, MIT | Q4 2019 |
| ● Carry out an analysis of taxpayers to quantify the number of individuals in the Czech Republic who have the potential to be a *business angel* and repeat this analysis annually  | MF, MIT | Q4 2019 |
| ● Provide an annual demand survey of mapping *start-up* founders and entrepreneurs from *start-ups*  | MF, MIT | Q4 2019 |
| ● Create a Czech National *Business Angels* Association (and become a member of the European *Business Angels Europe* Confederation)  | MF, MIT | Q4 2020 |
| 🡺 Introduce a system of self-certification for *business angels* in the Czech Republic.  | MF, MIT | Q4 2021 |
| 🡺 Analyse the possibilities of development of investment *crowdfunding* in the Czech Republic and possibly propose further measures  | MF, MIT, Fundlift, Czech Fintech Association | continuously |
| 🞺 Consider introducing a simpler form of joint-stock company and, if necessary, propose the necessary legislative changes  | MF, MSp, MPO | Q4 2020 |
| ● Promote disclosure of documents in English by issuers of securities, in particular in relation to listed issuers  | MF | continuously |
| 🞺 Revise Czech accounting regulations with respect to IFRS and evaluate the possibility of using IFRS for tax purposes  | MF | Q4 2021 |
| ● Encourage the creation and use of a corporate governance scorecard  | MF, MSp, PSE | Q4 2020 |
| ● Analyse the possibilities of money market development in the Czech Republic and possibly propose further measures  | MF, CNB | Q4 2019 |
| 🡺 Propose the introduction of a new participation fund with higher management fees, which will be able to invest in alternative assets (e.g. private equityfunds)  | MF | Q4 2019 |
| 🞺 🡺 Revise the system of state aid in relation to pension funds so that the participants were motivated to higher monthly contributions to transfer accumulated funds from the transformed funds to participation funds and also consider limitation of provision of state aid by the age of the participant  | MF | Q4 2019 |
| 🡺 Allow the creation of sub-funds for legal forms other than the SICAV  | MF | Q4 2019 |
| 🞺 Enable the retention of the so-called time test also for the transition between sub-funds of one SICAV  | MF | Q4 2020 |
| 🡺 Encourage the use of the XML format when searching for financial assets | MF, MSp, GFD, Chamber of Executors, CDCP, Notarial Chamber | Q4 2019 |
| 🞺 Consider change of holdings of securities, including multi-step registration and use of technology DLT to register securities in the context of discussions with stakeholders and propose further measures  | MF, MSp, MPO | Q4 2020 |
| 🡺 Consider options to support trading with corporate bonds  | MF, CNB, CSD, PSE, AKAT, CBA | Q4 2019 |
| ● Develop and publish guidelines on entry *due diligence* for foreign investment funds, such as according to the Vienna Stock Exchange  | MF, PSE | Q4 2020 |
| ● Analyse the influence of government bonds on the Czech capital market and the influence of the Czech capital market on government bonds | MF | continuously |
| ● Strive for active cooperation with international organizations that can help develop the Czech capital market  | MF, CNB, MIT, Government Office, World Bank, IMF, EIB, EIF, EBRD, EFSI, IOSCO | continuously |
| ● Encourage active participation in the negotiation of EU legislation  | MF, CNB | continuously |
| ● Allowing traineeships for persons who prepare capital market regulation in capital market participants  | MF, CNB, AKAT, CBA | continuously |
| ● Monitor defined criteria in the Czech Republic with regard to possible future achievement of the “developed capital market” status according to the MSCI index  | MF | continuously |
| ● Educate state-controlled companies about the possibilities of financing through the capital market  | MF, other concerned ministries  | continuously |
| ● Ensure availability of up-to-date capital market legislation in English  | MF, CNB | continuously |

The above overview shows that this proposal implements (or attempts to implement) 8 measures out of 34 (one of them, mobility of participants in transformed funds, partly). The remaining 22 measures are non-legislative in nature. The last 5 measures are of a legislative nature and will be implemented by other legislative proposals and they are not expected to be submitted to the Government by the end of 2019, but later, for example

* in relation to a simple joint-stock company, Q4 2020 is foreseen in view of considering the introduction of this type of business corporation,
* in relation to review of the effectiveness of transposition of the directive on shareholder rights (Act no. 204/2019 Coll.), the period of Q4 2021 is anticipated, if necessary (it may result from the analysis that it is not),
* in relation to the revision of Czech accounting standards also the Q4 2021 deadline is envisaged (the substantive intent of the new Accounting Act is to be approved by the Government by the end of 2020)[[3]](#footnote-4),
* in relation to the revision of state aid participation and transformed funds is calculated with a separate amendment that should be discussed during 2020,
* in relation to the holding of securities and use of DLT technology (*blockchain*) the National Strategy envisages a period of Q4 2020 whereas the Ministry of Finance of the Czech Republic has already published a consultation paper titled “Blockchain, virtual currencies and assets”[[4]](#footnote-5); the European Commission is also implementing a similar consultation by 19 March 2020[[5]](#footnote-6).

The National Strategy itself refers to other related strategy papers and initiatives, such as the revision of the National Financial Literacy Strategy 2.0 (approved by the Government on 13 January 2020)[[6]](#footnote-7), My Taxes initiative[[7]](#footnote-8), State Ownership Policy Strategy (approved by the Government on 17 February 2020)[[8]](#footnote-9), or the creation of a fund of funds of the European Investment Fund[[9]](#footnote-10). During the finalization of the National Strategy, other strategic documents (or at least the intention to prepare them) related to the development of the capital market in the Czech Republic were approved or elaborated, e.g. that there is a clearly declared interest in transforming the Czech economy into an innovative economy and ensuring access of start-ups to financing. In particular, the Digital Czech Initiative (approved by the Government on 3 October 2018)[[10]](#footnote-11), Innovation Strategy of the Czech Republic 2019-2030[[11]](#footnote-12) (approved by the Government on 4 February 2019), Strategic Framework of the Czech Republic 2030 (approved by the Government on 19 April 2017)[[12]](#footnote-13), Government Memorandum of Cooperation with the Blockchain Republic[[13]](#footnote-14), National Strategy of Artificial Intelligence in the Czech Republic (approved by the Government on 6 May 2019)[[14]](#footnote-15), Economic Strategy of the Czech Republic (Government approved theses on 20 January 2020)[[15]](#footnote-16) or the National Development Fund[[16]](#footnote-17). An important initiative in terms of the structure of savings of Czech households is the project Bonds of the Republic[[17]](#footnote-18).

The National Strategy refers to foreign models for a national strategy for capital market development, such as Ireland[[18]](#footnote-19), Luxembourg[[19]](#footnote-20), Slovakia[[20]](#footnote-21), Bulgaria[[21]](#footnote-22), Hungary[[22]](#footnote-23) or Latvia[[23]](#footnote-24). Inspiration in Poland has also recently proved important, where the Polish government approved on 1 October 2019 the national strategy for the development of the capital market “*Strategia Rozwoju Rynku Kapitałowego*”[[24]](#footnote-25) prepared in cooperation with the European Bank for Reconstruction and Development(EBRD).

The Act seeks to respond to the shortcomings of the current legislation identified when preparing the National Strategy:

* Individual savings account: Nowadays, the Czech Republic supports tax investments in life insurance or pension funds (participant or transformed), which puts other products of old-age savings at a disadvantage. In order to settle the conditions in the area of taxation, it is also appropriate to adopt the appropriate sectoral regulation to ensure that at least the minimum requirements are met and the CNB’s supervision or, as the case may be, the competence of a financial arbitrator for resolving consumer disputes.
* Business Angels Self-Certification: Currently, Czech law does not recognise business angels as a type of an investor, it only knows qualified investors in the area of fund investments. At the same time, the distribution of complex investment instruments such as non-prospectus bonds that are not traded on public markets is not regulated. In this context, it is proposed to limit the possibilities of ordinary consumers to riskier investment instruments, while rich investors should be able to renounce this higher protection. Although there is no equation between a wealthy investor and a business angel, it can be assumed that even a business angel will be able to meet the criteria proposed for wealthy investors. The proposed limits are adapted to the reality of the Czech economy, when limits lower than which are common in Western European countries (e.g. the United Kingdom) are proposed.
* Investment crowdfunding: Currently, there are online advertising portals which allow issuers to offer their bonds without any regulations of these portals or being subject to CNB supervision. It is therefore appropriate to regulate advertising of investment instruments, with the new rules being complied with by all entities implementing such advertising. Therefore, a similar regulation is proposed as in the regulation of gambling advertising, which would be supervised by regional trade licensing offices. Related to these modifications is the extension of the requirements for the issue conditions for below-the-limit bonds (up to EUR 1 million) without the prospectus described below. Tighter regulation will lead to greater investor protection, resulting in increased trust in the capital market.
* Alternative Participation Fund: Pension funds (i.e. participation and transformed funds) currently have a very limited investment strategy, which follows almost literally regulation of standard funds (UCITS funds) harmonized by EU law, which is characterized by, inter alia, permanently offering return redemption to its investors, and must therefore invest only in highly liquid assets (typically listed shares and bonds). In addition, there is a limit on the maximum amount of a pension fund’s fee, which is also designed as an *all-in-one* (i.e., no costs can be charged directly to the fund), and an obligation to reduce this remuneration in investments to another fund by a fee paid to manager of such fund. That leads, inter alia, to the fact that the Czech pension funds (participation/transformed) do not invest in assets that are common for pension funds in developed economies, especially in the so-called private equityfunds (funds investing with an investment horizon of 10 years to large unlisted companies) and infrastructure projects.
* Increased mobility of participants in transformed funds: Nowadays, majority of participants remain in transformed funds, which are closed to new entrants, but existing participants continue to contribute regularly, whereas transformed funds due to the black zero guarantee (no year should end up in loss, otherwise the pension company has to pay the loss from its own assets) invest very conservatively and in most cases are unable to cover inflation, which in the long run leads to devaluation of the invested funds. In addition, due to a very conservative strategy (enforced de facto by a guarantee), they invest only in government bonds and bank deposits and thus do not contribute to the development of the capital market in the Czech Republic (at the same time they represent a significant share on retirement savings of Czech citizens). Although transformed funds are closed to new entrants, existing participants have no motivation to transfer their funds to participation funds that, while not offering a guarantee (and are also more risky), can offer potentially more attractive returns that easily cover inflation in the long term and can also offer a return, which is higher than inflation (depending on the dynamics of the participant’s chosen investment strategy). As a reason why participants do not switch from transformed funds to participation funds, it is often stated that they do not want to lose their entitlements from the transformed fund (e.g. the so-called retirement pension), where the current law does not allow participants in the transformed fund participate in the participation fund.
* Sub-funds for legal forms other than the SICAV: Currently, it is only permitted to create sub-funds for investment funds of the SICAV type (joint-stock company with variable share capital), although other legal forms, namely a closed joint-stock company or limited partnership with investment certificates. There has not been any limited partnership with investment certificates established in the Czech Republic yet, although amendments have been made in the past to make it more attractive. According to market proposals, this legal form could be used, for example if it were allowed to create sub-funds. Similarly, there is a demand for the possibility of sub-funds in a closed joint-stock company, which is an investment fund. Making the legal form of a limited partnership on investment certificates more attractive could also be made possible by the use of the international abbreviation “SICAR” in the name of the company, or by making the otherwise mandatory regulation of profit distribution in the Business Corporations Act more dispositive. The amendment also proposes a new designation for the name of the investment fund, which is a joint stock company: “investment fund with fixed registered capital”. This designation may be replaced by the abbreviation “SICAF” (in French: *Société d'Investissement à Capital Fixe*), since this abbreviation is worldwide known and comprehensible, thus making the company more attractive.
* Support for the use of XML format by executors: Executors are now obliged to use the XML format only when communicating with banks. This causes unjustified market inequality and higher costs for non-banking financial institutions in executing executors’ requests.
* Promotion of trading with corporate bonds: Currently, the issuing terms and conditions of the bonds basically do not contain any information about the issuer, so they cannot be used to assess the issuer’s ability to pay up these bonds. Typically, the prospectus contains information on both the issue and the issuer, however, the prospectus is not prepared for bond issues up to EUR 1 million. MF CR published in January 2020 for public consultation a second version called Corporate Bond Scorecard[[25]](#footnote-26) (labeled 2.0), which allows investors to better assess the risk of corporate bonds. However, the problem is that the bond issuer does not disclose its financial information (typically in the Collection of Deeds of the Commercial Register), or the published information is out of date and does not reflect the planned bond issue. It is also proposed to make changes in relation to insolvency or debt recovery with respect to subordinated bonds, respectively subordinated claims in general.

The current legal situation is neither contrary to the prohibition of discrimination, nor is it contrary to the principle of equality between men and women.

1. **Justification of the main principles of the proposed legislation, including an evaluation of the act in relation to non-discrimination and equality between men and women**

This amendment proposes to amend a number of acts, none of which is dominant, and therefore no specific act is included in the title of the amendment and amendments to individual acts are listed by number in the Collection of Laws. In particular, it is proposed to amend the following acts:

* Act No. 229/1992 Coll., On Commodity Exchanges, as amended (hereinafter referred to as the “**ZoKB**”), which proposes to extend the jurisdiction of the arbitral tribunal in a manner similar to that proposed for an arbitration court at a regulated market (Stock Exchange Arbitration Court) ). In particular, the aim is to ensure equal conditions, whereas the development of the capital market is rather foreseen in the second type of arbitration court, but it would not be appropriate to extend the scope to only one of them. In principle, the proposed amendment affects only the International Arbitration Court attached to the Czech-Moravian Commodity Exchange.
* Act No. 586/1992 Coll., On Income Tax, as amended (hereinafter referred to as the “**ZDP**”), which proposes to combine existing limits for savings products for retirement and to extend their application to the newly introduced long-term account investments. At the same time, it reacts to the emergence of new types of sub-funds, which are recognized as independent taxpayers of corporate income tax, as well as in the case of the existing sub-funds of a joint-stock company with variable capital.
* Act No. 40/1995 Coll., On regulation of advertising and amending Act no. 468/1991 Coll., On radio and television broadcasting, as amended, as amended (hereinafter referred to as “**ZoRekl**”), which reflects the fact that, for example, bonds of Czech companies typically offer advertising portals that are not subject to the supervision of the Czech National Bank (hereinafter referred to as “**CNB**”) and therefore it is necessary to ensure at least minimum regulation of advertising of investment instruments , similar to the regulation of gambling advertising . The new rules should be supervised by regional trade licensing offices.
* Act No. 120/2001 Coll., On Court Executors and Execution (Enforcement Code) and on amending other laws, as amended (hereinafter referred to as “**EŘ**”), where it is proposed to extend the scope of the decree of the Ministry of Justice on the use of XML by executors to all financial institutions (referred to in Section 33 (4) of the Enforcement Code), who are obliged to provide the executor with free assistance. However, the mandatory use of this format applies only to the information required from banks (financial institutions).
* Act No. 229/2002 Coll., On the Financial Arbiter, as amended (hereinafter referred to as the “**ZoFA**”), which proposes to extend the scope of the Financial Arbiter also to disputes between the consumer and the administrator of the individual savings account.
* Act No. 190/2004 Coll., On Bonds, as amended (hereinafter “**ZoDluh**”), where it is resolved that the issuance conditions include only information on the bond issuance and do not contain information about the issuer. Information about the issuer is essential to enable the investor to assess the riskiness of the bonds and the issuer's ability to meet its obligations. The inspiration regarding the required data comes mainly from the document called Corporate Bond Scorecard, which was published for public consultation on the website of the Ministry of Finance. Furthermore, it is proposed to make several changes resulting from public consultation and practice needs. These include changes eliminating unnecessary duplications in issuance conditions and prospectus, revision of the need for a meeting of owners to approve minor changes to issuance conditions, abolition of the obligation to publish the issuance conditions of government bonds in the Collection of Laws, regulation of subordinated bonds respecting the ability to create multiple levels of subordination (usually distinguish at least three - Senior , junior and mezzanine) and the right of early repayment for certain bonds harmonized by EU law.
* Act No. 256/2004 Coll., On Capital Market Business, as amended (hereinafter the “**ZPKT**”), where are mainly regulated the basic requirements of the individual savings account. For instance, regulation of type of the assets, which can be registered on this account. It is also proposed to extend the competence of the Stock Exchange Arbitration Court (see also the amendment of the ZoKB above), in which the market is very interested. Moreover, it limits the possibility of offering risky investment instruments to ordinary consumers with an opt-out option for wealthy investors (financial assets in the amount of at least CZK 2.5 mil., or annual income of at least CZK 1 mil.). This new regulation is proposed to apply this new rule to the individual savings account.
* Act No. 182/2006 Coll., On Insolvency and Methods of its Resolution (Insolvency Act), as amended (hereinafter referred to as “**InsZ**”), where the issuance of subordinated bonds issued under foreign law is addressed.
* Act No. 427/2011 Coll., On Supplementary Pension Savings, as amended (hereinafter “**ZDPS**”), where it is proposed to introduce a new type of participation fund, so-called alternative participation fund, within which it will not be so strict regulation of fees and investment strategies (e.g. law will allow these funds to invest 10% of assets in so-called alternative assets) . The aim is to fulfil the plans of the Commission for fair pensions (to increase the effectiveness of the third pillar), as well as the objectives of the National strategy by allowing participation funds to invest in *private equity* funds or infrastructure. It is also proposed that simultaneous participation in both the transformed fund and the participations fund should be possible in order to allow participants to transfer more easily to the participation funds without having to cancel their participation in the transformed fund.
* Act No. 240/2013 Coll., On Management Companies and Investment Funds, as amended (hereinafter referred to as “**ZISIF**”), where, following the National strategy, it is proposed to allow limited partnership for investment certificates and closed joint-stock company, which is an investment fund, to create sub-funds. To support these legal forms, also a new denomination for their business firm is proposed – "SICAF" and "SICAR" (following the "SICAV"). For a limited partnership on investment certificates, it is also proposed to make the distribution of profits more dipositive and it is also proposed to allow an investment company not harmonized by EU law to be a trustee of a trust, which is not an investment fund. These were requests coming from the market. In addition, it is proposed to make a series of practical technical adjustments that have resulted from the CNB's findings during the application of ZISIF. The market did not contradict these proposals. For example, the decision statement about permission or the maintenance of CNB lists are simplified. The terminology in relation to the concept of "human resources" is also unified in line with other regulations regulating the financial market. An annual fee is introduced for persons according to Section 15 of the ZISIF so that persons, who no longer wish to be registered in the list, are not present in this list. The regulation of the offering and custody of participation certificates, which is currently unclear and causes interpretative difficulties in the application of ZISIF, is proposed to be simplified. Moreover, it is stated that, in the case of investment funds constituting sub-funds, the depositary only carries out its activities in relation to those sub-funds (similarly it is proposed to require the statute only in respect of those sub-funds). Also the possibility of providing services in the form of outsourcing by licensed entities is stated. Uncertainties over the question of whether EuVECA and EuSEF funds must have depositaries are removed (this should not be required under EU regulations, but the interpretation of Czech law is not without difficulty in this respect). The depositary's obligation to keep the physical assets of the investment fund in custody is removed. It is stated that funds can pay out a share of income even if they are at a loss (this addresses the issue of the so-called flowing dividends). The deadlines for certain licensing procedures are also harmonized.
* Act No. 634/2004 Coll., On Administrative Fees, as amended (hereinafter referred to as the “**ZoSP**”) is proposed to be modified in relation to the ZISIF by introducing a maintenance fee for persons pursuant to Section 15 of the ZISIF (in the amount of CZK 10,000), the fee for the registration of the investment fund is increased (from CZK 2,000 to CZK 10,000) and the fee for the registration of the investment fund depository is increased (from CZK 2,000 to CZK 35,000). It is also proposed to introduce a fee for the registration of a person under Section 15 of the ZISIF (CZK 10,000) and for the registration of a foreign investment fund offered in the Czech Republic (CZK 10,000). The fee for assessing comparability with a special fund also increases (from CZK 5,000 to CZK 20,000). These fees are increased or introduced to better reflect the related administrative requirements.

Effectiveness is proposed to 1 January 2022, while it is expected that the amendment should be approved by the Chamber of Deputies before the parliamentary elections in October 2021. According to the Government Legislative Work Plan for 2019, the amendment should have been submitted to the Government by the end of 2019, but this deadline was extended until May 2020.

1. **Explanation of the necessity of the proposed legislation as a whole**

The proposed legislation is necessary because of the need to develop the Czech capital market, as follows from the National Strategy and the reasons stated therein. In order to achieve the respective measures from the National Strategy, a change of legislation is necessary, only non-legislative steps cannot achieve the objective. It is particularly useful to address some of the identified shortcomings of the Czech national regulation which does not follow the directives of the EU. This will strengthen the competitiveness of the Czech capital market in relation not only to advanced western European regulations, but also to those of neighbouring countries and other states in the region of Central and Eastern Europe.

1. **Evaluation of compliance of the proposed legislation with the constitutional order of the Czech Republic**

The proposed act is in accordance with the constitutional order of the Czech Republic which is established by the Constitution. The constitutional order of the Czech Republic does not contain any specific legal norms relating to the capital market. The proposed act takes into account especially Section 98 (1) of the Constitution, according to which activities of the CNB can be intervened solely on the basis of law.

The bill respects the general principles of the constitutional order of the Czech Republic, for example principles resulting from the concept of democratic legal state (Section 1 of the Constitution) and the principle of enumeration of public law requisitions (Section 2 (2) of the Charter of Fundamental Rights and Freedoms). It also takes into account that ownership is binding and that what is not prohibited is allowed.

1. **Assessment of the compatibility of the proposed legislation with European Union legislation, case law of the European Union judiciary bodies or general principles of European Union law**

The proposed act is fully in line with the obligations arising for the Czech Republic from its membership in the European Union. The proposed act respects European legislation, even if it is not a transposition and thus a so-called national regulation.

The proposed act is in line with the case law of the Court of Justice of the European Union and the general legal principles of European Union law, the principle of equal treatment, non-discrimination and legal certainty.

The proposed act complies with the principles underlying the Treaty between the Kingdom of Belgium, the Kingdom of Denmark, the Federal Republic of Germany, the Hellenic Republic, the Kingdom of Spain, the French Republic, Ireland, the Italian Republic, the Grand Duchy of Luxembourg, the Kingdom of the Netherlands, Austria, the Portuguese Republic, the Republic of Finland, the Kingdom of Sweden, the United Kingdom of Great Britain and Northern Ireland (Member States of the European Union) and the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia, the Slovak Republic on the accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic to the European Union, as published by the Ministry and Foreign Affairs in the Collection of International Treaties under No. 44/2004 Coll. i. t. The proposed act is in line with the Agreement on the European Economic Area.

1. **Assessment of compliance of the proposed legislation with international treaties by which the Czech Republic is bound**

The proposed law is in line with the Agreement on the European Economic Area, as well as with other primary and secondary law of the European Union.

Possible human rights interventions are not foreseen by the amendment to the act.

1. **The expected economic and financial impact of the proposed legislation on the state budget, other public budgets and the business environment of the Czech Republic**

The proposal to introduce an individual savings account (and the resulting tax relief) may have a negative impact on public budgets. Basically, it is proposed to extend the possibilities of tax relief to a new product - individual savings account. Negative impacts can be generated in two ways, corresponding to forms of tax relief:

***1. Payments by employers as income of an employee exempt from income tax***

In this case, the negative impact would be generated solely because of the extension of the titles to which the employer can contribute, while the employees would be exempt from income tax. For the existing titles the limit is already unified to CZK 50,000 and the proposed act does not change anything for them. The impact could therefore be generated in cases where the following would apply: the employee will have an individual savings account and the employer will be willing to newly contribute, i.e., beyond the existing exempted contributions (in compliance with statutory conditions). The negative impact of titles which can be contributed to cannot be assessed due to lack of data sources. In addition, other factors, such as the development of unemployment, wages or conjuncture or the recession of the Czech economy or real interest rates, may also affect the impact. However, given the current level of employers' contributions and the assumed individual savings account parameters, which are similar to the existing supported products, we do not expect a massive increase in employers’ interest in contributing to this new product. We would rather expect a change in structure. Based on this assumption, an impact on public budgets of hundreds of millions of CZK per year can be considered. In this case, a negative impact would already occur during 2022, however, given that the individual savings account does not currently exist, a potential full-year impact can be expected in 2023.

***2. Application of the deduction from the tax base with respect to contributions paid by the taxpayer***

The total maximum amount by which the tax base can be reduced is proposed in the amount of CZK 48,000, i.e., corresponds to the sum of the existing limits. With regard to the proposed effectiveness of the act as of 1 January 2022, it is expected that the potential negative impact will occur in 2023 at the earliest (taxpayers will apply the non-taxable part according to the new rules only within the tax return), however with respect to the fact, that the individual savings account does not currently exist, a potential full-year impact can be expected in 2024. In case of applied deductions from the tax base, the negative impact may generate both unification of limits for claiming the deduction in case of already existing products (taxpayers who prefer one product to which the maximum deduction is applied, will now be able to apply a higher deduction), and also extending the possibilities for applying deductions to another product. Currently, the estimated tax relief from tax base deductions is CZK 2.6 billion. Considering the total amount of the estimated tax relief, we estimate the negative impact of the unification of the deduction limits to be maximum in lower hundreds of millions of CZK. The negative impact of extending the possibility of deductions cannot be assessed due to lack of data sources. In addition, other factors, such as the development of unemployment, wages or conjuncture or the recession of the Czech economy or real interest rates, may also affect the impact. If, for example, 100,000 taxpayers would newly deduct CZK 10,000 from tax base from paid contributions to the individual savings account, this would have a negative impact of CZK 150 million per year on DPFO direct debit at the level of public budgets.

With regard to the extension of the Financial Arbiter’s material scope in relation to the individual savings account, the proposal to introduce this institute into the legal system may entail negative costs for the Financial Arbiter, or public budgets.

1. **Assessment of social impacts of the proposed legislation**

The proposed adjustments to the individual savings account and the adjustment of the new alternative fund should have a positive impact on the savings of Czech households.

1. **Environmental impact assessment of the proposed legislation**

The bill has no impact on the environment.

1. **Assessment of the current situation and impacts of the proposed solution in relation to non-discrimination**

The proposed act is not contrary to the prohibition of discrimination, nor is it contrary to the principle of equality between men and women.

1. **Impact assessment of the proposed solution in relation to privacy and personal data protection (DPIA)**

The proposed amendment has no impact on the protection of privacy and personal data.

The decision-making of the administrative body is governed by the Act on Administrative Procedure and special legal regulation, which this proposed act does not change in any way. The decision-making system is formalized and transparent at both private and public levels; it is always possible to unambiguously identify those persons responsible for a particular decision. It also anticipates standard remedies. Each administrative act must contain both the identification of the authority which issued the decision and the signature of the official, together with name, surname and occupation, and the stamp of the official or, where appropriate, the recognized electronic signature of the official. In this way, the originator of the decision can always be clearly and personally identified.

Moreover, the CNB admits an appeal against the CNB’s decision in the form of an administrative action. The instruction on the remedy is part of the relevant decision and is fully in accordance with the legal system, in particular Act No. 500/2004 Coll., The Act on Administrative Procedure, as amended. From the point of view of remedies, there is also the possibility of effective defence against maladministration by the administration in the form of regular and extraordinary remedies. In addition to legal remedies, the Act on Administrative Procedure also permits other means of protection, such as a complaint or a request for action against inaction.

The proposed act does not create any new organizational structure that would require the creation of new control mechanisms. The control is ensured by a system of regular and extraordinary remedies and in the form of supervision by the CNB, central state administration bodies, the professional and general public. In addition, where applicable, the principles of liability under administrative and criminal law also apply.

1. **Evaluation of corruption risks**

The proposed legislation was assessed in accordance with the government's approved *Corrupt Impact Assessment* (CIA) methodology. As part of the CIA procedure (including their hidden forms), the authors of the proposal concluded that the legislation does not facilitate corruption in any way or make it more difficult to detect.

The proposed legislation does not anticipate the emergence of new or existing corruption risks.

1. **Assessment of impacts on national security or defence**

The bill has no impact on the security or defence of the state.

**Abbreviations**

**List of abbreviations of legislation**

|  |  |
| --- | --- |
| **ER** | Act No. 120/2001 Coll., on Court Executors and Enforcement Activities (Enforcement Code) and on Amendments to Other Acts, as amended  |
| **InsZ** | Act No. 182/2006 Coll., on Insolvency and Methods of its Resolution (Insolvency Act), as amended |
| **ZDP** | Act no. 586/1992 Coll., on Income Taxes, as amended |
| **ZDPS** | Act No. 427/2011 Coll., on Supplementary Pension Savings, as amended |
| **ZISIF** | Act No. 240/2013 Coll., on Management Companies and Investment Funds, as amended |
| **ZoDluh** | Act No. 190/2004 Coll., on Bonds, as amended |
| **ZoFA** | Act No. 229/2002 Coll., on the Financial Arbiter, as amended  |
| **ZoKB** | Act No. 229/1992 Coll., on Commodity Exchanges, as amended  |
| **ZoRekl** | Act No. 40/1995 Coll., On regulation of advertising and amending Act no. 468/1991 Coll., On radio and television broadcasting, as amended, as amended |
| **ZoSP** | Act no. 634/2004 Coll., on Administrative Fees, as amended  |
| **ZPKT** | Act No. 256/2004 Coll., on Capital Market Business, as amended |

**List of other abbreviations**

|  |  |
| --- | --- |
| **CNB** | Czech National Bank |
| **CR** | Czech Republic |
| **EU** | European Union |
| **CZK** | Czech crown |
| **MFCR** | Ministry of Finance of the Czech Republic |
| **NAV** | fund capital (*net asset value*) |
| **SICAV** | joint-stock company with variable registered capital (*société d'investissement à capital variable*) |
| **XML** | eXtensible Markup Language |

**SPECIAL PART**

**The first part, Article I**

**Amendment of the Act on commodity exchanges**

**Re points 1 to 3 (Section 28, including the heading):**

With regard to equal access, when it is possible that a permanent arbitration court of the regulated market operator (i.e., Exchange Arbitration Court) would be substantially unlimited and could decide property disputes in general, it is proposed that this extended material scope should also be held by the permanent exchange arbitration court establishment by the commodity exchange (International Arbitration Court attached to the Czech-Moravian Commodity Exchange Kladno). The newly unlimited substantive and local jurisdiction of the permanent exchange arbitration court is proposed for the resolution of property disputes between natural and legal persons. In the current legal situation, where, for example, consumer disputes have been excluded from arbitration, it seems appropriate to establish competition between institutions operating permanent arbitration courts. Thus, a competition which, given the sophistication of the parties to the dispute (and their legal representatives), can be expected to increase the quality and integrity of arbitration rather than the opposite. Such development can be expected in particular in cases where the permanent arbitration court is operated by an institution for which the credibility of the business is crucial, and thus it can be assumed that the quality and integrity of the operated permanent court of arbitration will be paid special attention to in order to preserve is trustworthiness. The operator of commodity exchange is a person for which credibility plays a crucial role and can therefore be reasonably assumed that if such person operates permanent arbitration court, the principles of quality and integrity of its decision-making, regardless of whether the subject of dispute are securities or commodities traded on the relevant regulated market or whether the dispute arose from other trades. The current limitation of the legal jurisdiction of these permanent arbitration courts limits the number of cases entrusted to these courts, making it difficult to operate economically. The proposed legislation would put the activities of these permanent arbitration courts on a more rational commercial basis. At the same time, it can be reasonably expected that the proposed amendment to the legislation will benefit domestic entrepreneurs who are looking for a court to which they could entrust the resolution of their business disputes without fear of lack of management integrity or quality of decision-making. Last but not least, the proposed change could also benefit domestic civil courts, which could reduce the volume of ​​major commercial disputes and, ultimately, other parties to civil proceedings before domestic civil courts; free judicial capacity would be available for faster decision-making on other judicial agendas.

**The second part, Art. II and III**

**Changing the act on income tax**

**Re point 1 [Section 4 (1) (l) point 1]:**

Legislative-technical modification of the designation of the insurance type is proposed so that it is in accordance with the definition of individual branches of insurance in Act No. 277/2009 Coll., on insurance, as amended, specifically in its Annex No. 1. Death insurance or survival insurance is thus replaced by insurance on survival to a specified age or earlier death. At the same time, the mention of pension insurance is removed, as pension insurance is a term designating public insurance premiums under Act No. 155/1995 Coll., on pension insurance, as amended.

**Re point 2 [Section 4 (1) (l) point 4]:**

A similar legislative-technical regulation of the designation of the type of insurance as in Section 4 (1) (l) point 1 of ZDP, see explanation to the previous amendment point.

**Re point 3 [Section 6 (p)]:**

The amendment of the provisions is linked to a change in the legislative approach to the support of taxpayer savings for old age. The newly inserted Section 15a and 15b of ZDP defines the products of old-age savings that are tax-supported, including all the conditions that these products must meet in order to use the tax benefits. These conditions then do not need to be repeated in individual provisions stipulating the specific form of tax support, i.e. in Section 6 (9) (p) and Section 15 (5) of ZDP.

According to Section 6 (9) (p) of ZDP, the employer’s contribution to the employee’s old - age savings product will continue to be exempt from the tax on the part of the taxpayer with income from employment. The concept of product saving for retirement will be under the newly proposed Section 15a (1) of ZDP and will continue to include pension schemes with state contributions, additional pension savings, pension insurance and private life insurance, as has been the case until now, and in addition includes an individual savings account newly introduced by the amendment of ZPKT. Therefore, there are no substantial changes in the scope of the exemption of employer’s contributions; for more details see the explanation to Section 15a and 15b of ZDP.

**Re point 4 [Section 6 (16)]:**

The deletion of the provision defining the institution of pension insurance is linked to a comprehensive change in the legislative approach to support for taxpayers’ savings for retirement, in which all the definition of savings for retirement products is concentrated in the newly inserted Section 15a of ZDP. The pension insurance institution will therefore be newly defined in Section 15a (2) of ZDP.

**Re point 5 [Section 8 (1) (e) and (f)]:**

In connection with the new concept of tax support for retirement savings products, the definition of certain income, which represents income from capital assets, is adjusted. Letter (e) is legislative-technically adjusted to follow the terminology used for these transactions in Section 15a of ZDP and also removes reference to the reduction pursuant to paragraph 6. The revenues referred to in letter (e) are revenues from capital assets in full, decrease according to the said paragraph is made only for the purpose of determining the tax base of such income.

Letter (f) is reworded more generally to include all income from private life insurance (not just tax-supported), other personal insurance, in both cases insurance benefits and income which is not an insurance benefit. Firstly, the term “private life insurance” for the purposes of income taxes newly does not include any private life insurance, but only insurance which meets the conditions of Section 15a (3) of ZDP. Of course, income that is exempt under Section 4 of ZDP will not be taxed, Section 8 (1) (f) of ZDP should be generally formulated to include all income from personal insurance. For the same reason as in point (e), the reference to the reduction referred to in paragraph 7 shall be deleted.

**Re point 6 [Section 8 (6)]:**

Paragraph 6 newly stipulates rules for determining the tax base for revenue pursuant to Section 8 (1) (e) and (f) of ZDP, which has so far been subdivided into paragraphs 6 and 7. A new rule, according to which each income shall be reduced by contributions (insurance premium) paid for the product resulting from it, regardless of who paid them. The tax base determined by the above-mentioned rules ensures that only the yield on the products in question, i.e. the appreciation of the savings, is taxed. The option of deduction of own savings (insurance premiums paid by the taxpayer) ensures that the payer’s own funds, which are now paid to the payer from the product, are not taxed. It is de facto expenditure of the tax payer. The possibility of deducting contributions paid by the employer for a given product ensures that those contributions are not delivered, either for the first time in the case of contributions to a tax-supported retirement savings product which have been exempt under the Section 6 (9) (p) of ZDP, or a second time, when the employer's contributions were not exempt, because it was not a tax-supported retirement savings product. There are some exceptions to this rule in cases of refunded tax aid, see Section 15b of the ZDP. State contributions paid by the Czech Republic always reduce the tax base, otherwise they would be delivered.

The rule for determining the tax base in the case of payment of the pension is the same as under the previous legislation. Newly, this provision no longer applies for exceptions to the eligibility of contributions paid by the employer, as this is dealt with as part of the refund of tax support for pension savings products in Section 15b (5) (d) of the ZDP.

Of course, for the determination of the tax base applies that the contributions paid, state contributions paid by the Czech Republic and paid insurance premiums can only be counted once for the purposes of determining the tax base. Thus, if a product results in a taxable benefit in the form of a pension or several successive transactions, the tax base may not be reduced by contributions or premiums for which the tax base has already been reduced in the case of a previous transaction for that product. With regard to the fact that it is the tax base from which the tax is levied by deduction according to a special tax rate [see Section 36 (2) (k) of the ZDP], the tax base cannot be set negative, i.e. contributions paid, state contributions paid by the Czech Republic or premiums paid higher than the performance of the product cannot be claimed.

**Re point 7 [Section 8 (7)]:**

As a result of shifting the legislation determining the income tax base under the Section 8 (1) (f) of the ZDP, the paragraph 7 is deleted.

**Re point 8 [Section 15 (5) and (6)]:**

The amendment to paragraph 5 follows a change in the legislative approach to the support of taxpayers' retirement savings, specifically the definition of products that are tax-supported in the newly inserted sections 15a and 15b of the ZDP. For the reason that in these newly inserted provisions are defined all products of retirement savings, which are tax supported, including all conditions of tax support, therefore these products no longer have to be defined in Section 15 (5) and (6) of the ZDP and only a mere reference through the use of the term 'tax-supported retirement savings product' is sufficient. Also remains the rule, according to which the taxpayer of natural persons can deduct from the tax base contributions paid in the given tax period for his supplementary pension insurance with the state contribution, pension insurance, supplementary pension savings and private life insurance. Newly is, between supported products, classified individual savings account introduced in the amendment to the Capital Market Business Act.

Another change compared to the current situation is that the total limit of CZK 48 thousand, which can be deducted from the tax base and into which the contributions for all mentioned products are included; Not valid are the separate limit of CZK 24 thousand for contributions to supplementary pension insurance with state contribution, pension insurance and supplementary pension savings and, in addition, a separate limit of CZK 24 thousand for contributions to private life insurance, as was the case under the current wording of Section 15 (5) and (6) of the ZDP.

Paragraph 6 contains derogations from the general rule referred to in the paragraph 5, according to which the contributions paid during the tax year are deducted from the taxable amount; these deviations result from the nature of some retirement savings products. The first sentence concerns supplementary pension insurance with state contribution and supplementary pension savings and takes over the existing regulation contained in Section 15 (5) (a) and (c) of the ZDP. These products are specific to other retirement savings products in a way that, in addition to tax support, they also receive direct support from the state budget in the form of a state contribution. The state contribution is provided in the maximum amount of CZK 230 per month in case that the taxpayer's contribution for the given month is at least CZK 1 thousand (see Section 14 (2) of the ZDP; pursuant to Section 191 (6) of the ZDPS, the Act on Supplementary Pension Savings also governs the provision of a state contribution to the benefit of a supplementary pension insurance participant). In Section 15 (6), in the first sentence of the ZDP will be stated that the taxpayer's contributions to supplementary pension insurance and supplementary pension savings can only be deducted from the tax base in excess of the amount of the maximum state contribution, thus avoiding a situation where to his contribution to those products got state contribution and at the same time part of the contribution, to which was given this contribution could also be deducted from the tax base and thus would occur in this part of the dual advantages of this product. Practically, the rule set out in the first sentence means that for the purposes of Section 15 (5) of the ZDP, the taxpayer will have to deduct CZK 1 thousand from his / her monthly supplementary pension insurance or supplementary pension savings. CZK and deduct only the amounts thus obtained from the tax base. If the taxpayer's monthly contribution to supplementary pension insurance or supplementary pension savings is less than or equal to CZK 1 thousand, the deduction from the tax base pursuant to Section 15 (5) of the ZDP cannot be used.

The second sentence in paragraph 6 edits the specific situation in the case of private life insurance where contributions (premiums) do not have to be paid regularly for each taxation period, but for a single insurance period, i.e. for several taxation periods in advance. Therefore, for the purposes of deduction from the tax base, this contribution (insurance premium) is budgeted for individual tax periods falling within the insurance period, with an accuracy of days. Thus, the contribution to private life insurance will be taken into account in those taxation periods in which it falls economically (although paid once, it covers the insurance for the entire insurance period) and at the same time the taxpayer will be able to use the limit of CZK 48 thousands for each tax period in which the insurance period runs separately, and with this limit will not be compared the entire single premium, as if it were deducted from the tax base in the tax period in which it was paid.

Regarding the conditions of deduction of contributions to the products, see the justification for the newly inserted Section 15a and 15b of the ZDP.

**Re point 9 [new Sections 15a and 15b]:**

Re § 15a:

Section 15a of the ZDP defines the product of retirement savings for income tax purposes. Section 15b of the ZDP then regulates under what conditions this product is tax-supported, i.e. when contributions to it can be deducted from the tax base pursuant to Section 15 (5) of the ZDP and when contributions paid by the employer for his employee to this product are exempt according to Section 6 (9) (p) of the ZDP.

The range of retirement savings products referred to in paragraph 1 corresponds to the existing tax-supported products referred to in Section 6 (9) (a) (p) and Section 15 (5) and (6) of the ZDP, in the current version with the fact, that the individual savings account is added to the list, which is a newly introduced amendment to the Act on ZPKT, and its analogues can be found in other Member States of EU and US forming the European Economic Area.

Pursuant to paragraph 1 (a) is the product of retirement savings also a supplementary pension insurance with state contribution according to the law regulating supplementary pension insurance with state contribution. This Act is Act No. 42/1994 Coll. and pension insurance with state contribution is defined in Section 1 (2). Pursuant to paragraph 1 (b) the product of retirement savings is also supplementary pension savings; in this case, it is not necessary to refer to the relevant law defining this savings, as supplementary pension savings are defined in the ZDPS , specifically in Section 1 (2), for the entire legal order.

Pursuant to paragraph 1 (c) the product of retirement savings is also a pension insurance by a pension insurance institution. A pension insurance institution is defined in paragraph 2. In paragraph 1 (c) it is only stated, according to the product itself, that only provides that it has to be pension insurance. Pension insurance and pension insurance institutions are defined in such a way that they are *de facto* equivalent to a supplementary pension scheme or supplementary pension savings referred to in points (a) and (b).

Private life insurance referred to in paragraph 1 (d) is defined in paragraph 3.

The newly assigned product is the individual savings account, which introduces an amendment to the Capital Market Business Act, see the from Section 193a to 193c. According to ZPKT, this account may be held only by a person authorized to provide an investment service for the management of the customer's assets if it includes an investment instrument at the discretion of the contractual arrangement (point 1) or accept deposits from the public under the Banking Act (point 2). However, the provisions of Section 15a (1) (e) of the ZDP also grants the same treatment to a similar account held by a person authorized to do so under the legislation of another Member State of the European Union or a State constituting the European Economic Area.

Paragraph 2 defines the institution of pension insurance, whereas taking over the definition of the current Section 6 (16) of the ZDP.

Paragraph 3 defines the concept of private life insurance. It means life insurance or life expectancy at a specified age or earlier death by an insurance company, which authorized to carry on insurance business in the territory of an EU Member State or a State constituting the European Economic Area. At the same time, it must be an insurance with a fixed sum insured for survival; therefore, the product of retirement savings for income tax purposes is not insurance, for which only a repeated insurance benefit is concluded, from which the total amount cannot be deduced. The sum insured must be at least 40 thousand CZK, if the insurance period is at least 5 and at most 15 years, and 70 thousands CZK, if the insurance period is longer than 15 years. There is no requirement for an insurance period of less than 5 years because, given the condition of the product's tax support for old age stipulated in Section 15b (1) (b) point (1) of the ZDP, according to which the payment of funds or benefits must be allowed no earlier than 60 calendar months after the inception of the retirement savings product, private life insurance with less than five years may never be tax-supported. The condition of negotiating a sum insured of a certain amount is set for private life insurance because it is effective to support such a type of insurance, which guarantees the insured person, within survival with a contract of stated age, payment of the accumulated amount. Hence, only in this way is fulfilled he goal of state support, which is to motivate to postpone some savings for future consumption.

Re § 15b:

Provision 15b lays down the conditions for tax support for retirement products as defined in Section 15a of the ZDP and the consequences of a tax-assisted product ceasing to qualify for tax support. The basic consequence of the violation of the conditions for tax support, which is not explicitly stated in the law, but results from the construction of the relevant standards, is that the contributions to this product no longer benefit from the benefits mentioned in the Section 6 (9) (p) and Section 15 (5) of the ZDP, because these provisions in the newly proposed wording only apply to tax-supported retirement savings products. There is therefore no need to standardize, as it was the case in the wording of those provisions so far, that the exemption and the right to deduct the non-taxable part of the taxable base cease to exist after a breach of any of the conditions of tax aid.

The basic conditions for tax aid are set out in paragraph 1. Pursuant to letter (a) it must be agreed or otherwise determined (typically directly in the law regulating the product) that the disbursement of funds and benefits from that product is only made to the taxpayer, who negotiated the product, with the exception of disbursement in the event of death. The purpose of this condition is to ensure that the taxpayer will save money for his / her own retirement age, because there is no tax-support for savings of another person. The exemption is provided for the payment of funds and benefits in the event of the death of a taxpayer, whose product is a retirement savings product, because, in the event of death, of course, the funds will not be paid to a person, who negotiated the product, but to a different person, which could be stated in the contract or by a law. This may include both a one-off payment of savings and also survivor's pension from supplementary pension insurance.

The provision distinguishes the concepts of 'disbursement of funds' and 'performance', taking into account the different nature of the various retirement savings products. Disclosure of supplementary pension insurance, supplementary pension savings, pension insurance and private life insurance is that the taxpayer pays contributions to the person with whom this product has been established, and after some time he goes right to certain benefits of the product from that person, whether he in the form of benefits stipulated in the Act on Supplementary Pension Insurance or in the ZDPS , or insurance benefits from private life insurance (in the case of pension insurance, the form of benefits depends mainly on the foreign legislation governing them). In the case of the individual savings account, however, the situation is different, it is the taxpayer's account and the funds on it have been in the ownership of this taxpayer for the whole time of its existence, i.e. the taxpayer first transfers its funds from one of its individual savings account and then the transfer in the opposite direction. Given that, this is not a transfer of ownership of these funds, it is not a transaction, but only the disposal of own property. Therefore, the wording “disbursement of funds”, which means de facto management of funds, was chosen.

Payments and benefits are only those where the taxpayer draws on the saved funds, i.e. transfers funds from the long-term investment account to his / her other account or receives benefits or other benefits from supplementary pension savings or supplementary pension savings or private indemnity personal insurance. This is not a situation where there are transactions within a given retirement savings product, such as the purchase of shares for funds placed on an individual savings account. These transactions can, of course, be (and must) be carried out with third parties and the third parties are subject to relevant transactions.

Point (b) limits the possibility of disbursement of funds and benefits from the retirement savings product if the product is to be tax-supported. There are four options for the timing of disbursement of funds and benefits, it means alternatively, i.e. the product may not allow disbursement of funds or performance in all of the mentioned cases, but never be allowed to be disbursed in a situation other than one of the four. The term 'enabled' has been chosen for its generality, since it is irrelevant whether the conditions for payment of funds or services are regulated directly in the contract establishing the product or are required by law, it is essential that the taxpayer cannot obtain payment or services without at least one of the facts set out in points 1 to 4 would arise.

The condition referred to in point 1 , i.e. the expiry of 60 calendar months from the inception of the product and the attainment of the taxpayer's 60 years, reflects the main purpose of tax support for retirement savings products. Taxpayers are encouraged to postpone part of their disposable income for a period when their earning capacity is likely to be reduced, i.e. after the age of 60, and at the same time it is desirable to start preparing for this phase of life in advance, that is, at least 60 calendar months. In the case of supplementary pension savings, however, it is possible to draw benefits even before reaching the age of 60, at the age of 5 years lower than is necessary for the entitlement to retirement pension under Act No. 155/1995 Coll. on Pension Insurance, as amended, see Section 22 (4) and Section 23 (6) of the ZDP, the so-called pre-retirement pension. This sets a special rule for this product, i.e. even in such a case, the supplementary pension insurance is considered to be a tax-supported retirement savings product.

Point 2 supplements point 1 as regards situations where the taxpayer's earning capacity is significantly reduced, namely that the taxpayer becomes disabled in the third instance. In this case, the disbursement of funds or benefits is not conditional on the product's duration, since the occurrence of third-degree of invalidity is an unforeseen and unforeseeable fact and is not intended to limit the taxpayer's tax advantages because it did not last long enough time. Payment of funds or performance of the invalidity taxpayer and in the third stage and leads the obligation to repay tax support, although the condition "the 60 calendar months, 60 years of age" is not met, see paragraph 4 (a).

Points 3 and 4 cover cases of disbursement of funds and services, which do not correspond to the purpose of tax support for retirement savings products, but are allowed for each retirement savings product and must therefore be included in the provision; if it were established that only the payable products referred to in points 1 and 2 were taxable, no product would fulfil the condition of tax aid.

According to point 3, this is the case where the taxpayer dies before the disbursement of funds or benefits from the retirement savings product. In such a case, in principle (except in cases, where the taxpayer managed to save only so little money that there is nothing to be paid at the time of his death), the funds or benefits are paid to a third party, either one-off or long term, in the form of a survivor 's pension from supplementary pension insurance. Such a disbursement of funds or performance as well as the obligations do not support a tax return, even if the "60 calendar then shakes months, 60 years of age" condition has not been respected, see paragraph 4 (a)

Point 4 concerns the situation when the retirement savings product ceases. Of course, the taxpayer always has the right to terminate the product, i.e. to terminate the contract that established this product. In this case, he or she usually has the right to receive savings , typically the right to surrender money in the case of supplementary pension insurance or supplementary pension savings and to the surrender money in the case of private life insurance; the exception is in particular the termination of the supplementary pension insurance contract within 12 calendar months, see Section 23 (1) of the Act on Supplementary Pension insurance, or supplementary pension savings within 24 calendar months, see Section 25 (1) of the ZDS . The expiration of a retirement savings product will generally result in an obligation to repay the tax aid, see paragraphs 4 and 5, as the taxpayer in this case ceases to save for the retirement and gets back the saved funds, thus negating the purpose of the product's tax support.

Paragraph 2 supplements the conditions of tax support for a retirement savings product, and only for the purpose of exempting contributions paid by the employer to the employee's product from income tax pursuant to Section 6 (9) (p) of the ZDP. If it was agreed or otherwise determined that, in the event of the employee's death, funds or benefits from his savings product would flow to the employer, the employer would potentially contribute to his future income, which is not the intention of tax support. However, the taxpayer may deduct its own contributions to such a retirement savings product from its tax base pursuant to Section 15 (5) of the ZDP.

Paragraph 3 lays down the obligation for a taxpayer, who is an employee, and who receives income from employment, to notify his employer if his tax-supported retirement savings product has ceased to be tax-assisted by the end of the calendar month in which it occurred. Retirement savings product ceases to be tax-assisted if it no longer meets any of the conditions set out in paragraph 1 or 2. The employer needs this information because it is a payer of the income tax from the dependent work of a taxpayer and it is therefore necessary that the contributions, which employees pay for this product, are no longer treated as tax exempt pursuant to Section 6 (9) (p) of the ZDP, but are included in the sub-base of the taxable income of that taxpayer.

Paragraph 4 defines situations, where the taxpayer is obliged to repay the tax aid; the method of repayment of tax support is specified in paragraph 5. The basic prerequisite for the occurrence of the obligation to repay tax support is that 60 calendar months have not elapsed since the inception of the retirement savings product or a calendar year, in which the taxpayer reached 60 years, has not occurred yet. After the two moments have elapsed, tax refunds will never be reimbursed, regardless of the reason, which subsequently leads to disbursement of the funds or performance of the product (i.e. whether it is a 'regular' disbursement of funds or performance as agreed, or if the product is terminated from the side of a taxpayer) in the contract, or whether the product will be terminated by the taxpayer), or even if the product expires and no disbursement or performance will occur at all (but this is rather a theoretical case, because after 60 calendar months, usually, the taxpayer will save enough funds that even after the termination of the product, it could arise an entitlement to a certain performance or disbursement of funds). By attaining the aforementioned duration of the product and the age of the taxpayer, the product has namely already fulfilled its purpose of long-term (five-year) retirement savings (i.e. the fact that the taxpayer has the money saved after the age of 60).

Tax refunds are always recovered in the taxation period in which any of the circumstances referred to in points (a) or (b) occurred, so there is no need to file additional tax returns for the previous tax period in which the tax aid was used.

Pursuant to point (a), tax aid shall be returned if, before the expiry of 60 calendar months after the inception of the retirement savings product or before the calendar year, in which the taxpayer reaches the age of 60, the funds are disbursed or the product comes about the benefits. However, an exemption is stated, when such a disbursement or benefits are due to the third party's invalidity or death (points 1 and 2). Invalidity in the third stage also constitutes the life event, for which the savings are intended (see paragraph 1 (b) point b, according to which it is possible under the conditions of the product to allow disbursement of funds or benefits even in the event of disability in the third stage), because even in this case the taxpayer's earning capacity is reduced. It is therefore not desirable to penalize him in this situation with the duty to repay the tax aid, which he had previously used for the tax-supported product. The second exception is the disbursement of funds or benefits due to the death of the taxpayer; it is therefore a disbursement of funds or benefits to a person other than the taxpayer, who arranged the retirement savings product. In this case too, it is not desirable to state an obligation to return the tax aid already received.

Another exception is provided in the case of supplementary pension savings, which under the Act on Supplementary Pension Savings is tied to the attainment of the age which is 5 years lower than the retirement age under Act No. 155/1995 Coll., On Pension Insurance, as amended, see Section 22 (4) and Section 23 (6) of the ZDPS so-called pre-retirement pension. In the event of such benefits, it does not arise an obligation to return the tax aid under the paragraphs 4 and 5.

If the funds or benefits from the tax-supported product of retirement savings are paid without the taxpayer being disabled in the third stage, dying or entitled to the so-called pre-retirement pensions, the conditions of the given product or its expiration must have been changed, because according to the conditions referred to in paragraph 1 (b), such disbursement of funds or benefits performance could not take place. It follows the implicitly that the product is no longer tax-supported [either no longer fulfils the conditions set out in paragraph 1 (b), or expired], and it is therefore not possible in the future to take advantage stated in the Section 6 (9) (p) nor in the Section 15 (5) of the ZDP.

Point (b) states the return of the tax aid in the event that the retirement savings product ceases to exist without any funds or benefits being disbursed. These are not very frequent cases, when the product expires and at the same time the taxpayer did not save enough amount to qualify for any performance or disbursement from it, in the case of supplementary pension insurance and supplementary pension savings, these may be situations, where these products are terminated by the taxpayer before the surrender payment entitlement arises, see above. The exemption is again set for termination due to the death of the taxpayer and also for the situation, where the retirement savings product ceases to exist, but the taxpayer also transfers the saved funds to another tax-supported savings product of the same kind. By the type of retirement savings product are meant the items in the individual letters of Section 15a (1) of the ZDP. The exemption from the obligation to return tax support in the case of transferring saved funds to another tax-supported savings product of the same type allows taxpayers to change the counterparty where they have set up the product (e.g. because of higher interest or lower fees for product management) without losing tax support due to early product termination. Such a transfer preserves the sense of tax support, the saved funds are only transferred elsewhere and the taxpayer continues to save for retirement. As a special case, there is an exception for the transfer of saved funds from supplementary pension insurance to supplementary pension savings, which is allowed in Section 191 of the ZDPS.

Paragraph 5 sets out, what is meant by the return of the tax support to the retirement savings product. If any of the circumstances referred to in paragraph 4 arise, this entails four consequences for the taxpayer.

Pursuant to point (a), the taxpayer shall receive income pursuant to Section 10 of the ZDP in the amount of the total contributions paid for the retirement savings product, to which is referred to in paragraph 4, which were deducted from the tax base for the immediately preceding 10 taxation periods. This increases the tax base by the amount that was reduced in the previous 10 taxation periods. The ten-year period chosen respects the maximum period for determining the tax, as well as the period, for which it is possible to request preserve receipt of the tax-deductible contributions and the contributions paid by the employer, which have been exempted.

Point (b) supplements the rule referred to in point (a) and applies to situations, in which some of the circumstances referred to in paragraph 4 occur during the tax year and the taxpayer has already paid contributions to the savings product in the period of one of the previous calendar months, thus the month, when the product was still tax-supported. Indeed, the product ceases to be tax-assisted at the point in time when one of the circumstances referred to in paragraph 4 occurs. Point (b) therefore prevents the taxpayer from reducing his tax base by the contributions paid for the retirement savings product before ceasing be tax-supported.

Pursuant to point (c), the taxpayer receives income under the Section 6 of the ZDP, i.e. income from employment, in the amount of the total contributions paid by the employer for this product, which were during the tax period, in which the tax support is returned, and in 10 immediately preceding 10 months, exempted from income tax. This leads *de facto* to increase the tax base by employer contributions that were in the aforementioned time periods exempt. Unlike income pursuant to Section 10 of the ZDP pursuant to point (a), here also arises the income in the amount of the employer's contributions paid in the taxable period, in which the tax refund is due, because the employer pays monthly advance payments for the income from employment and the exemption of contributions paid by the employer for the preceding part of the tax period, which was still a tax-supported product, had already been reflected in these advances. In order to prevent the employer from correcting the advance payments already paid, it is stipulated in the part of the sentence after the semicolon that the income thus generated pursuant to Section 6 of the ZDP is not considered income paid by the payer of income tax from employment. Thus, advanced payments by the employer remain unchanged even if any of the facts set out in paragraph 4 arises, and the employee is obliged to return the tax support by stating the income in a tax return in accordance with Section 15b (5) (c) of the ZDP.

Pursuant to point (d), the repayment of the tax support concerns the determination of the taxable amount for the taxation of benefits arising from retirement savings products pursuant to Section 8 (6) of the ZDP, i.e. only supplementary pension insurance with state support, pension insurance, supplementary pension savings and private life insurance. This provision does not apply to the individual savings account or to a similar account held in the territory of another Member State of the European Union, as these products do not result in benefits. This method of repayment of tax aid is based on the existing legislation contained in the current Section 8 (6) and (7) of the ZDP, which limited the reduction of the tax by contributions paid by the employer by certain benefits of the mentioned products. In the context of the new concept of tax support, this rule is generally laid down for all benefits that result from these products after the conditions for tax support have been violated.

However, there are three exceptions. According to point 1, the contributions of employers that represent income under point (c) of this provision will be taken into account for the determination of the tax base, since their non-recognition in determining the taxable amount for the product would result in double taxation (once as income under the Section 6 and within the scope of the product performance, which would not be reduced by the amount of these contributions for the purposes of determining the tax base). The second exception, referred to in point 2, is taken from Section 8 (6) of the ZDP and addresses situations, where, after the effectiveness of this Act, a taxpayer would transfer to his newly created supplementary pension savings funds from supplementary pension insurance with a state contribution for the employer contributed before 1 January 2000. The employer contributions paid at that time were not exempt from income tax on the part of the taxpayer; they were already taxed once and must be reduced by the tax base when disbursing the supplementary pension savings, otherwise they would be double taxed. The third exception, referred to in point 3, is similar to that pursuant to point 2 and is taken over from the current Section 8 ​​(7) of the ZDP. It refers to situations, where a taxpayer has transferred his funds from one private life insurance to another after the effectiveness of this Act. If the employer had contributed to his original private life insurance before 1 January 2001, those contributions were not exempt from tax and therefore the taxable amount must be reduced in order to prevent them from being taxed twice. The provisions of points 2 and 3 shall not apply to situations other than those referred to above for the transfer of funds between two retirement savings products, as pursuant the transitional provision under point 2, this proposed new regulation applies only to retirement savings products incurred after the effectiveness of this Act; for retirement products created before the effective date of this Act, to which the employer contributed before 1 January 2000 or before 1 January 2001, the existing legislation, including Section 8 (6) and (7) of the ZDP, shall apply.

**Re point 10 [(Section 17 (1) (d)]:**

In connection with the proposed amendments of the ZISIF when in Section 170 of the ZISIF it is newly allowed to an investment fund that is a limited partnership with investment certificates, to create sub-funds, and in Section 186a of the ZISIF it is allowed to an investment fund that is a joint stock company and is not a joint stock company with variable capital. Simultaneously, these new types of sub-funds are accorded the same tax treatment as the existing sub-funds of a joint-stock company with variable capital. It is therefore established that new types of sub-funds are also subject to corporate income tax and tax treatment similar to the tax treatment of the legal form of the investment fund that constitutes them. The reason for this is that these sub-funds are also essentially separate units, where the accounting, including profit and loss reporting, is separate and even possible distribution of profits among individual investors is carried out at the level of individual sub-funds. Normally, within one investment fund, one sub-fund may be profitable and distribute profits, while the other sub-fund may report a loss for the tax year. Therefore, from a tax perspective, it is appropriate to tax each sub-fund separately.

At the same time, the generic term 'investment fund sub-fund' is chosen, under which both the aforementioned sub-funds and the existing sub-fund of a joint stock company with variable capital fall under.

**Re point 11 [Section 17b (1) (c) introductory part of the provision]:**

In connection with the modifications made in Section 17 (1) (d) the ZDP, according to which the income tax payers are, in addition to the sub-fund of a joint-stock company with variable capital, also other sub-funds, which may be created the base of amendment of the ZISIF, it is necessary to extend the definition of the basic investment fund to these sub-funds (a sub-fund of a limited partnership with investment certificates and a sub-fund of a joint-stock company that is an investment fund and is not a joint stock company with a variable capital). At the same time, the generic term „investment fund sub-fund“ is chosen, under which both the aforementioned sub-funds and the existing sub-fund of a joint sock company with variable capital fall under.

**Re point 12 [Section 19 (12)]:**

In connection with the proposed amendment of the ZISIF, when in Section 186a of the ZISIF, it is newly allowed to an investment fund, which is a joint stock company and not a joint stock company with variable capital, to create sub-funds, the existing is generalized so that it would also apply to those companies and their sub-funds.

**Re point 13 [Section 23f (h)]:**

In connection with the modifications made in Section 17 (1) (d) the ZDP, according to which the income tax payers are, in addition to the sub-fund of a joint-stock company with variable capital, also other sub-funds, which may be created the base of amendment of the ZISIF, it is necessary to exclude also these sub-funds (a sub-fund of a limited partnership with investment certificates and a sub-fund of a joint-stock company that is an investment fund and is not a joint stock company with a variable capital) from the regime of limited eligibility of excessive borrowing expenses. At the same time, the generic term „investment fund sub-fund“ is chosen, under which both the aforementioned sub-funds and the existing sub-fund of a joint sock company with variable capital fall under.

**Re point 14 [Section 36 (2) (k)]:**

Legislative-technical regulation is proposed following the new wording of Section 8 (1) (e) and (f) and Section 8 (6) of the ZDP.

**Re point 15 [Section 36 (2) (o)]:**

The provisions of the Section 36 (2) (o) of the ZDP is abolished, as the benefits regulated therein are covered by the new wording of Section 36 (2) (k) of the ZDP.

**Re point 16 [Section 37 (c)]:**

It is proposed to abolish the existing provision, pursuant to which the provisions of the Income Tax Act, which are applicable to an open-end mutual fund and participation certificate, shall apply also to a sub-fund of a joint-stock company with variable capital and to an investment stock. The current regulation is inaccurate and redundant. Sub-funds of an investment fund, which is a joint stock company, do not have a separate legal personality; they are part of a joint-stock company, but the individual sub-funds are completely separate, including separate accounting and dividend payments. Therefore, from the point of view of the ZDP, these sub-funds are granted tax subjectivity [see Section 17 (1) (d) of the ZDP] and there is no reason for their tax regime not to be similar to that of a public limited company, taking into account that the sub-funds do not have legal personality. Thus, from the point of view of the ZDP, there is no need to standardize another tax regime, unlike a limited partnership with investment certificates and its sub-funds, where this need is given by a specific tax regime for limited partnership. For this reason, it was also inaccurate to compare the investment-share regime to participation certificates, since they are shares, albeit of a different kind.

**Re point 17 [Section 37 (d)]:**

The amendment follows the proposed changes of the ZISIF, which in Section 170 of the ZISIF it is newly allowed to the investment fund, which is a limited partnership with investment certificates, to create sub-funds. It is stated that these sub-funds will have the same tax regime as limited partnership with investment certificates. Contrary to Section 37c of the ZDP, it is preserved that the investment certificates (of a sub-fund or an investment fund) shall be subject to the provisions relating to the limited partner’s share. This is because, without explicit modification, it would not be clear whether the investment certificate is subject to the provisions of the limited partners or the general partner.

**Re point 18 [Section 38g (6)]:**

With regard to the change in the legislative grasp of support for retirement savings, the provision stipulates that taxpayers are obliged to file a tax return in case of breach of the conditions, under which their employer is exempted from the tax on their retirement savings product. The obligation to deliver such contributions at the moment when the conditions of tax support for such a product are violated is no longer only imposed on private life insurance, as was the case under the existing legislation [see the current wording of the Section 6 (9) (p) point 3 of the ZDP], but is generally laid down for all tax-supported retirement savings products in the newly proposed Section 15b (5) (c) of the ZDP. Therefore, if the taxpayer receives income from dependent activity pursuant to the aforementioned provision, he is obliged to state this income in the tax return, because according to Section 15b (5) (c) the part of the sentence after the semicolon of the ZDP, this income is not considered income to be paid by the taxpayer of income from employment and thus does not execute the reduction of tax on such income.

**Re point 19 [Section 38k (5) (f) and (g)]:**

In connection with the determination of the aggregate limit in Section 15 (5) of the ZDP it is comes to amendment of the facts, which the taxpayer shall declare by the taxpayer. Newly, the taxpayer will make a statement by the taxpayer, stating the amount of contributions he wishes to deduct from the tax base pursuant to Section 15 (5) of the ZDP in respect of the calculation of the tax and the annual settlement of the advances made by the taxpayer. The amendment is designed so that it is clear, when the tax refund is subsequently made, which amount of contributions deducted from the taxable amount by the taxpayer, is to be taxed in connection with the refund of the tax refund for each product.

**Re point 20 [Section 38k (5) (h)]:**

Following the extension of the scope of the amounts that can be reduced from the tax base pursuant to Section 15 (5) of the ZDP by contributions to the individual savings account pursuant to ZPKT or similar account in the EU or in a state of forming m European Economic Area (see definitions of the retirement savings product in Section 15a (1) of the ZDP), it is amended, that the taxpayer has to make a statement by a taxpayer about the fact, in what amount he wants to deduct these transferred funds from a tax base within an annual calculation of a tax and clearing of advance payments made by the taxpayer.

**Re point 21 [Section 38l (1) (j)]:**

Following the extension of the scope of the amounts that can be reduced from the tax base pursuant to Section 15 (5) of the ZDP by contributions to the individual savings account pursuant to ZPKT or similar account in the EU or in a state of forming m European Economic Area (see definitions of the retirement savings product in Section 15a (1) of the ZDP), it is amended, how the taxpayer proves the existence of the account and the amount transferred to it through contributions to his taxpayer.

**Re Article III**

**Transitional provisions**

**Re point 1:**

This transitional provision states, that for the application of the tax as well as the rights and obligations arising from the law for the taxation period commenced before this act becomes effective, the legislation effective until the day preceding effectiveness (previous legislation) shall apply.

**Re point 2:**

The purpose of this transitional provision is to ensure that taxpayers who have concluded a supplementary pension insurance contract with a state contribution, supplementary pension savings, pension insurance or private pension insurance before the date of entry into force of this act can continue to benefit from such a tax regime for these products which was effective at the time of conclusion of the contract, including payments on these products. There is thus no false retroactivity whereby the tax treatment of these products would change during the existence of those products and the legitimate expectations of taxpayers are respected.

**Re point 3:**

Pursuant to the proposed transitional provision, the maximum overall limit of the employer’s contributions to tax-supported retirement products that are exempt from income tax pursuant to Section 6 (9) (p) of ZPD, in the wording effective from the effective date of this act, i.e. the amount of CZK 50,000, reduces the amount of the employer’s contributions exempted pursuant to the above provision in the wording effective before the effective date of this act, i.e. the amount of the exempted contributions of the employer to supplementary pension insurance with state contribution, supplementary pension savings, pension insurance and private life insurance arisen before effectiveness of this act; the present legislation will apply to these contributions as a result of the transitional provision referred to in point 2. This construction ensures that the taxpayer will always be exempted from the employer’s contributions to retirement savings products in the maximum amount of CZK 50,000.

**Re point 4:**

Transitional provision provides that the maximum aggregate limit on contributions to tax-supported retirement products, which can be deducted from the tax base pursuant to Section 15 (5) ZDP, in wording effective from the date of effectiveness of this act, i.e. a sum of CZK 48,000, is reduced by the total of contributions that the taxpayer deducts from the tax base for the given tax period under Section 15 (5) and (6) of ZDP in wording effective before the effective date of this act, i.e. the amount of supplementary pension insurance contributions with state contribution, supplementary pension savings, pension insurance and private life insurance arisen before the effective date of this act; the existing legislation will apply to these contributions as a result of the transitional provision referred to in point 2. This construction ensures that contributions to retirement savings products in the maximum amount of CZK 48,000 are always deducted from the taxpayer’s tax base, including contributions to the individual savings account.

**Part three, Article IV**

**Amendment to the Advertising Regulation Act**

**Re point 1 (new Section 5k):**

A new regulation is introduced to regulate the advertising of investment instruments. The aim is to ensure at least a minimum level of regulation of advertising portals that are not subject to CNB supervision, but offer investment instruments to retail clients on their websites. In view of a higher standard of consumer protection, it is proposed that advertising of investment instruments should be regulated in a similar way as advertising for gambling. Namely, it must be stated in the advertising that the return on investment is not always certain, because every investment involves a risk. Warning must also be included that high yield means higher risk, but low yield is not always a guarantee of lower risk (which is seen as a particularly imminent problem in the current period of low interest rates). Advertisement should not target people in material need. The role of the supervisory authority should be fulfilled by regional trade licensing offices.

**Re point 2 [Section 8 (2) (b) and in Section 8a (d)]:**

In accordance with the proposed amendment in point 1, the relevant penalties provisions are amended.

**Part four, Article V**

**Amendment of the Execution Order**

**Re Section 34 (3):**

In practice, the provision of cooperation by financial market entities to executors causes unnecessary costs. For example, some executors send requests about a single debtor to all financial institutions on the financial market without any pre-selection, for example, in accordance with Section 33d ER. According to financial institutions, in some cases they have to deal with over one million requests for cooperation a year, resulting in millions of costs. It is proposed to apply the regulation in Section 34 (3) of ER (for financial institutions) to other financial market entities for which the ER uses the abbreviation of financial institution (insurance companies, investment companies and investment funds, securities traders, pension companies, pension funds pursuant to special legislation and Financial Market Guarantee System). This regulation should solve the problem of excessive costs in providing cooperation similarly as it has been resolved for financial institutions.

**Part five, Article VI**

**Amendment to the Financial Arbiter Act**

**Re points 1 and 2 [Section 1 (1) new letter (k) and Section 3 (1) new letter (k)]:**

The authority of the Financial Arbiter is also extended to individual savings account managers.

**Part six, Article VII**

**Amendment to the Act on Bonds**

**Re point 1 [Section 6 (1) (g)]:**

The terminology of the requisites of the bonds is specified, specifying the identification of the first acquirer who is the owner of the bond only until it is transferred by the endorsement (the change of the owner is therefore not marked on the front copy). A security is validly issued when it meets the statutory requirements and becomes the property of the first acquirer. See also Section 4 (2) of ZoDluh.

**Re point 2 (Section 9):**

The purpose of the amendments is to eliminate duplication between the issuance conditions and the prospectus, if prepared. According to the currently valid and effective legislation contained in Section 9 of ZoDluh, the issuance conditions always contain at least a reference to the information contained in the prospectus. Thus, where a prospectus is prepared, the relevant information is either duplicated in both the issuance conditions and the prospectus, or the issuance conditions merely refer to the information contained in the prospectus. In our opinion, this does not provide the investor with any extra comfort or protection and unnecessarily burdens the issuance conditions with the information already included in the prospectus. The proposed text contains an obligation to refer in the issuance conditions to the information contained in the prospectus only with respect to the most essential information in case of which this duplication does not represent a serious problem (paragraph 1) or information that is relevant to each of the specific cases provided for in ZoDluh or different types of bonds (paragraph 3). In other cases, an obligation to refer to the issuance conditions of the information provided in the prospectus is proposed to be omitted and such information should be contained in the issuance conditions only in the event that the issuer does not prepare and publish a prospectus (paragraphs 2 and 4). The extent and form of the information in the prospectus is governed by EU regulations.

**Re point 3 (new Section 9a):**

Re paragraph 1: If a bond is publicly offered and if prospectus is not published until the date of the issue and if it is so-called below-the-limit issue, the issuance conditions must also contain other requirements. Section 9a of ZoDluh is proposed also with regard to the so-called Corporate Bond Scorecard, the aim of which is to provide retail investors who do not have experience with a similar form of investment, or who lack advanced financial literacy, a simple and fast tool for initial assessment of bonds. Based on this non-legislative tool which was created by the Ministry of Finance, the legislator subsequently formulated legal provisions which must be included in the issuance conditions, so that the investor could have a picture of the overall situation and the creditworthiness of the issuer, the history of its emissions, the reason why emits etc. The addition of the issuing conditions in paragraph 2 to this effect aims to increase the protection of bond investors. The issuer must respect these obligations of extended issuance conditions whenever it does not prepare a prospectus and it is a so-called below-the-limit issue, i.e. emission of up to EUR 1 million.

Re paragraph 2 (b) Bonds currently emit also recently established companies, for which there is the risk that they will not be able to meet their commitments still higher than is the case of companies, which have been operating for some time. The problem is also the difference between the issuer's commencement date of operating and the date of its establishment, as the issuer can purchase a „ready-made“ company that did not operate but was founded e.g. five years ago. Another thing are special purpose companies (SPV) financing companies within the holding that also do not have a long history. Indication of the year and month of commencement of operation will help investors to better assess the risk associated with short-term operating companies and, in the case of special-purpose companies, together with other points in this proposal, indicates the need to verify the liability statement, financial guarantee and consolidated results of the group.

Re paragraph 2 (c): The issuer's primary business description enables the investor to obtain a better understanding of the sector, in which the issuer operates. Based on such information, the investor assesses the potential of the industry, the company's market position, market saturation and other information. This, in the context of other information, provides a more comprehensive view of the issuance.

Re paragraph 2 (d): The minimum investment threshold’s main goal is to inform investors about the minimum amount they must spend to buy bonds. Investor can be particularly interested in this due to the diversification, since he/she distributes a limited investment budget resources among several investments. The main reason is therefore an increase in transparency and awareness, which contributes to the overall evaluation of the issue.

Re paragraph 2 (e): The main reason for including this provision (total issue volume) is again to raise the transparency and awareness, which contributes to the overall evaluation of the issue, primarily in terms of future financial analytical projections.

Re paragraph 2 (f): The purpose of the issue, together with the business plan, informs, why the company issues bonds, more precisely, answers the question, why the company borrows. Also based on this, the likelihood of an investor's return on investment can be better assessed in the overall context of the issue. Purpose of the issue should be one of the first information that investor examines, as he should invest in industries, which are known to him or he is able to gather enough information about them.

Re paragraph 2 (g): The planned debt-to-equity ratio (active debt policy) is a very important factor for the investor. The investor usually lends the money to the company at the time it makes sense for him, but if the company would use twice as much of another debt in the next period and the investor had known this in advance, then he would have not probably invested in that company before.

Re paragraph 2 (h): In the prospectus, the investor shall acquaint himself with important and additional information. In case, in which the prospectus has not been approved by the Czech National Bank or the supervisory authority of another Member State of the EU, this information should also be communicated to the investor.

Re paragraph 2 (h): Provision of the Section 21a of the Act on Accounting regulates the mandatory disclosure of financial statements for entities, which are listed in the public register or for those, for which a special regulation requires so. However, in practice, not all issuers publish their financial statements or do not publish them before the deadline. It is therefore proposed that the issuance conditions should also include this information on the issuer's annual reports and financial statements. It is required to publish financial statements or annual report for the last two financial years, and since those two financial years mostly contain a reference to a previous period, it is possible to take into account the situation retrospectively for the past three years. The audited financial statements then determine the accuracy and increase the credibility of the data, and if the auditor's issues a qualified opinion, the going concern of the company is then questioned. The cash flow statementprovides information on income and expenses and thus shows the actual flow of cash. Its existence is very important annex to the balance sheet and profit and loss account as on the basis of this statement can be better determined, for example, the solvency of the issuer. All information included in this provision thus aim at the necessary increase in transparency and a better ability to evaluate risk by the investor through financial analysis.

Re paragraph 2 (j): Very important provisions is amended in particular with regard to holding structures and special purpose companies (SPVs), which finance assigned companies within the holding. In the case of bonds being issued by subsidiaries, it is important to assess the issue in terms of holding structure using consolidated statements, financial guarantees and liability statements. Therefore, in the case of a liability statement or a financial guarantee by the parent company, the investor should also check that guarantor. It is therefore important to attach such facts and financial statements. All information included in this provision thus aim at the necessary increase in transparency and a better ability to evaluate risk by the investor through financial analysis.

Re paragraph 2 (k): Distributors and arrangers of an issue are also indicators, by which the quality and risk of the issue can be assessed. If it is an established, large, well-known, reputable institution under the supervision of the CNB, it will not automatically be a non-risky investment, but it will certainly be an investment with a probably lower risk than in a case of a distributor (person, institution), which is not supervised by the CNB. The name, registered office and identification number of these persons help the investor to identify and distinguish the persons, who are offering the issues.

Re paragraph 2 (l): Collateral is considered an important factor in the purchase of a bond, especially if the issuer is already in debt. The importance of collateral grows with the probability of repayment problems. In the case of a bond purchase from an issuer with a higher rate of loans or worse financial results / indicators, collateral is absolutely essential. Information on what is secured or not secured repayment of the amount owed greatly helps in the selection and investment in the bond and possibly reduces losses in case of default.

Re paragraph 2 (m): The company management and information about its individual members point to the transparency, quality, skills and experience of the company. In practice, it may also happen that management members bankrupt one company and then start or work for another, which may or may not indicate risk. Publication of information about individual management members helps investors in the overall assessment of the issue.

Re paragraph 2 (n): This provision is particularly important with regard to holding structures and ready-built companies financing companies and subsidiaries within the holding. Where bonds are issued by subsidiaries, it is important to assess the issue in terms of holding structure using consolidated financial statements, guarantees and overall ownership structure. This, among other things, helps the investor to determine, for example, whether or not the owner is a fraudulent person, information about companies within the holding, associated risks, etc.

Re paragraph 3: In view of transparency and increased protection of investors, it is proposed that the issuer or other person offering the bond should be obliged to publish the issuance conditions on its website.

**Re points 4 and 5 [Section 10 (2) (b) and new letter (c)]:**

It is proposed that in cases where these are merely changes of an administrative or technical nature, or if the change does not adversely affect bondholders, the issuer is not obliged to convene a meeting of bond owners. This change is intended to facilitate greater flexibility, without prejudice to investor protection.

**Re point 6 [Section 11 (3) (a)]:**

This is a legislative-technical change of references.

**Re point 7 [Section 21a (2)]:**

This is a legislative-technical change returning the unintentionally omitted legislative abbreviation.

**Re points 8 and 9 [Section 23 (5)]:**

The provision is liberalized in favour of the issuer. Provisions regarding rights of owner of the bond who disagreed with a change adopted in the holders meeting and in this respect could apply for early repayment of the nominal value of the bond, are proposed as dispositive. In view of the principle of *vigilantibus iura scripta sunt,* it seems just that a person who has not even attended a meeting of owners does not have the right to early repayment.

**Re point 10 [Section 23 new paragraph 6]:**

It is necessary to eliminate debt type MREL (minimum capital requirements and eligible liabilities) with regard to the right to early repayment.

**Re points 11 to 14 [Section 25 (7) and Section 26 (1), (2) and (3)]:**

These are mainly changes of legislative and technical character. It is also proposed in Section 26 (1) of ZoDluh to simplify and speed up the process of issuing government bonds. It is newly proposed to publish the issue conditions in a manner allowing remote access and not further in the Collection of Laws.

**Re point 15 [Section 26 (4)]:**

The existing legislation entrusts the sale of government bonds issued under Czech law exclusively to the Czech National Bank. The Czech National Bank, however, ensures the sale of government bonds through the organization of auctions, and only this way of selling hits its limits in practice. This is particularly evident in a situation where it is necessary to ensure, by issuing government bonds issued under Czech law, lump sums of tens of billions of CZK in order to pre-finance the government's budget needs or in a situation of increased market volatility and uncertainty of future developments. Since there is no factual justification for limiting the way government bonds are sold under Czech law, it is proposed to expand the range of entities that could sell government bonds. Other types of bonds are not limited to how they are to be sold on the primary market.

Another change is related to the amendment to Section 35 of Act No. 218/2000 Coll., On Budgetary Rules, where a similar wording has been omitted.

**Re point 16 (Section 34):**

The provision specifies the definition of a subordinated bond and lays down rules for satisfying claims from subordinated bonds.

**The points 17 and 19 (heading of part four, new Section 40a and a change of Section 41):**

The provision is amended with respect to administrative punishment in relation to the new Section 9a of ZoDluh.

**Part Seven, Article VIII**

**Amendment of the Capital Market Business Act**

**Re point 1 [Section 15k new paragraphs (4) to (6)]:**

Re Section 15k (4): While in Section 15k (3) of ZPKT there is an exhaustive list of simple investment instruments, this paragraph specifies the conditions under which a trader with the investment firm can provide investment services in relation to the investment instruments that are not a simple investment tool. The inspiration for this provision is based on the UK’s classification of investors into three categories: *Restricted Investor*, *Certified Sophisticated Investor* and *High Net Worth Individual*. The first category of the so-called *Restricted Investor* (in the Czech concept of “small” or “retail” investor) includes one who does not fall under the other two categories. In the UK, such an investor must sign a statement that he will not invest more than 10% of the value of his net worth in riskier instruments (excluding his residence and assets therein and insurance and pension income). Similarly, it is proposed in the Czech Republic that the customer signs a declaration that he will not invest more than 10% of his investment in investment instruments that do not fall under the scope of Section 15 (3) of ZPKT (usually shares and bonds of start-ups or small firms) of his assets consisting of cash and investment instruments. By signing the declaration, the customer should be aware of the greater complexity and higher risk of these investment instruments. In order for the investor to have at least elementary diversification within this limit, he must also declare that he will not invest more than 5% of the value of his financial assets in this category of investment instruments issued by a single issuer.

Re Section 15k (5) and (6): A new institute of “wealthy investor” is created, which represents a new category of so-called semi-professional investor. As in the previous paragraph, it is also based on the UK scheme, but in this case primarily on the *High Net Worth Individual* category, based on achievement of a certain amount of income or assets on the part of the individual. In this case, however, it is a quasi-category which serves purely for the purpose of negatively defining the group of entities that are not subject to the obligation to sign the percentage limit referred to in paragraph 4. Under the proposed provision, only a person who confirms that the value of his financial assets (i.e. assets consisting of cash and investment instruments) corresponds to the amount of at least CZK 2,5 mil. and his gross revenue and profit before tax in the previous calendar year corresponds to the amount of at least CZK 1,25 mil., can be declared as the “wealthy investor”. The investor is solely responsible for the truthfulness of this statement, and the investment firm is under no obligation to verify these facts. The institute of a “wealthy investor” is introduced in order to expand options for removing an investor of comprehensive protection of small investors, when in Section 15k (5) of ZPKT, there is a different set of criteria (the value of assets and gross income and profits) than for categories of qualified investors and professional customers on request, such as a minimum investor deposit of at least CZK 1 million or a requirement of 10 trades per quarter or work in the financial sector. The use of this institute does not affect the obligation of the investment firm to obtain from the customer the necessary information about his professional knowledge, experience and other facts pursuant to Sections 15h and 15i of ZPKT (i.e. to complete and evaluate the investment questionnaire).

**Re point 2 [Section 29 (3)]:**

The portfolio of products in relation to which the investment intermediary can provide the main investment services referred to in Section 4 (2) (a) or (e) of ZPKT with regard to the introduction of new regulation in Section 15k of ZPKT, is expanded.

**Re point 3 [Section 29 (4)]:**

Investment intermediaries are again allowed to transfer orders abroad when the reason for introducing this regulation has ceased to exist.

**Re point 4 [Section 54 (2)]:**

The newly unlimited substantive and local jurisdiction of the permanent arbitration court of the organizer of the regulated market is proposed to resolve property disputes between natural and legal persons. In the current legal situation, where, for example, consumer disputes have been excluded from arbitration, it seems appropriate to establish competition between institutions operating permanent arbitration courts. That is a competition that can be expected to increase the quality and integrity of arbitration. The operators of regulated public markets are trustworthy persons and it can therefore be reasonably assumed that with regard to the operation of the permanent arbitration court it will advocate for the quality and integrity of its decision-making activities, regardless of whether the subject-matter of disputes are securities or commodities traded on the regulated market or whether the dispute arises from other trades.

Extension, respectively unification of dispute resolution according to unified rules in the form of institutionalized arbitration, regulated in a way that provides sufficient guarantees of transparent dispute settlement, will contribute to re-establishing the credibility of arbitration as an out-of-court dispute resolution in the Czech Republic.

The current limitation of the legal jurisdiction of these permanent arbitration courts limits the number of cases entrusted to these courts, making it difficult to operate economically. The proposed legislation would place the activities of these permanent arbitration courts on a more rational commercial basis. At the same time, it can be reasonably expected that the proposed amendment to the legislation will benefit domestic entrepreneurs who are looking for a court to which they could entrust the resolution of their business disputes without fear of lack of management integrity or quality of decision-making. Last but not least, the proposed change could also benefit domestic civil courts, which could be less overloaded with business disputes and, ultimately, parties to other civil courts before domestic civil courts, as free judicial capacity would be available for faster decision-making of other court agendas.

**Re points 5 and 6 [Section 163 (4) and (7)]:**

By insertion of new part thirteen in ZPKT, the persons mentioned therein, i.e. administrators of individual savings accounts, are imposed a number of obligations on, some of which should be enforced by appropriate public-law sanctions, as private-law sanctions would be obviously insufficient. Consequently, offenses related to the respective obligations are adjusted as well. Sanction for violation of the obligations of the persons mentioned above is a fine at national amount of CZK 5 mil.

**Re point 7 [Section 193 (3) and cancellation of footnote 27]:**

This is a legislative-technical adjustment where the footnotes are clearly outdated and are only examples. It is preferable to leave the provisions without these references.

**Re point 8 (new part 13, Section 193a to 193c):**

Re part 13: New provisions on the so-called individual savings account, which is a financial product aimed at generating savings for old age, are inserted. It is an alternative to the already existing and state-supported financial products in the financial market (participation/transformed funds and life insurance) focused on the accumulation of assets for security purposes in post-productive age. One of the motives is from the World Bank’s report on the capital market in the Czech Republic, which recommends the development of the capital market in the Czech Republic and according to which the introduction of some form of individual savings account(ISA) would be a key step to stimulate investors’ interest in the capital market). The ISA account is widely used in developed markets and helps generate greater investor interest in managing its retirement savings. With this new financial product, the state would allow citizens to invest in other financial products that can offer a higher possible return, even if at the cost of a higher risk of devaluation of the invested funds. This account could record, for example, shares, bonds, shares in an investment fund or a foreign investment fund, bank accounts (receivables for payment of funds from an account in Czech or foreign currency) or hedging derivatives to cover interest rate or currency risk. The 60 + 60 rule (the product cannot be cancelled or withdrawn before the age of 60 and the product has to be negotiated for at least 60 months) would be maintained even if the assets in this account were “transformed”, for example if the shares were sold and bonds would be purchased instead of them or the money raised would be deposited in a bank account. Similarly, it will be possible to change the portfolio of investment funds and eventually use the money obtained from the repayment of bonds. Should the 60 + 60 rule be breached, the funds collected in this way would have to be taxed as income (they would be deposited on the account untaxed).

In relation to ÚDI, it is a new product, especially in terms of tax support, otherwise it is a kind of superstructure for existing products - existing products will be registered in this account and the same rules will apply to them. In this respect, there is no change in the fact that deposits are accepted by banks and individual portfolio management is provided by OCP and some investment companies. The introduction of ÚDI does not violate existing legal obligations, only new obligations related only to ÚDI are added. The ÚDI administrator can use outsourcing services, the existing rules apply. It is the responsibility of the ÚDI manager to manage the ÚDI, as the obligation to manage the ÚDI results from the contract on the ÚDI. Only the UDI administrator has a relationship with the customer (and is thus also responsible for the outsourcing provider). In other words, the introduction of ÚDI is without prejudice to the actual provision of related financial services.

Any dispute may be resolved alternatively before the Financial Arbiter.

Re Section 193a: The provision sets out the basic parameters of an individual savings account contract. Under this agreement, the manager of the individual savings account undertakes to set up an individual savings account for its owner, to maintain this account, to allow depositing of funds into it, withdrawing funds from this account or transfer assets from this account to another individual savings account of the same owner. At the same time, the manager of an individual savings account may undertake to manage the assets held in that account in accordance with his authority.

Re Section 193b: Due to the fact that the provisions expect tax advantage of this financial product, including the impact in case of premature withdrawals from this account, there is an obligation to of the administrator of this account to strongly warn the owner of the individual savings account on the tax implications and to request written confirmation of understanding of these consequences before the assets are taken out of the an individual savings account. Breach of this obligation is an offense. The administrator of the individual savings account to transfer the assets without a legal reason – i.e. for example without the owner of such an account being asked to do so or on the basis of an execution carried out on the debtor’s assets. Transfer shall also be deemed to have been effected if the corresponding consideration is not provided (e.g., the sale of securities at a price which does not correspond to their actual value).

Re Section 193c: The provision regulates what financial products may constitute assets on the individual savings account. First of all, it is cash, whether in the form of cash and or cash accounts. Furthermore, these are simple investment instruments, typically stocks and bonds traded on the stock exchange. They may also be securities issued by investment funds, government bonds and covered bonds. Riskier instruments should not represent more than 10% of the value of the portfolio unless it is a so-called wealthy investor who is able and willing to bear the potential risk of higher losses. Due to the need to hedge against currency or interest rate risks, hedging derivatives may also be recorded on the account. When selling an asset that is held in the individual savings account, the acquired cash received from sale stays of the account.

**Part E, Article IX**

**Amendment to the Act on Bankruptcy and Ways of its Resolution (Insolvency Act)**

**Re Section 172 (2):**

The proposed amendment also aims to incorporate receivables from subordinated bonds issued under the law of a foreign state into the relevant regulation.

**Part Nine, Article X**

**Amendment to the Act on Supplementary Pension Savings**

**Re point 1 (new Sections 18a and 18b):**

The question of unambiguous identification of individual natural persons is essential for the performance of state supervision over compliance with the obligations of pension companies in connection with the provision and refund of the state contribution (Section 15 and 156 of ZDPS). The birth number plays a key role in identifying participants in supplementary pension insurance and supplementary pension savings. According to the current opinion of the Ministry of the Interior, which is in charge of coordinating the performance of public administration, including its execution by electronic means, the so-called eGovernment, the birth number will not be replaced by another unique and unchangeable identifier of the natural person. In view of this, it is important to enable pension companies to use data from the basic population register, from the population register information system, from the information system of foreigners, from the information system of registration of identity cards and from the information system of registration of travel documents, as a private user of data pursuant to Act No. 111/2009 Coll., On Basic Registers, as amended. The extent of data that could be used by pension companies is proposed to be set in accordance with similar legislation that will apply to banks and insurance companies pursuant to Act No. 49/2020 Coll., amending Act No. 21/1992 Coll., On Banks, as amended, and Act No. 253/2008 Coll., on Certain Measures Against Money Laundering and Terrorism Financing, as amended, and certain other acts.

**Re point 2 [Section 94 new paragraph (3)]:**

The change responds to the introduction of a new type of dynamic participation fund - the so-called alternative fund - and ensures pension savings participants that a pension company will create more types of funds, not only conservative and alternative. The aim of this regulation is to prevent all existing participation funds from being converted into alternative funds with lower regulation. From the point of view of ZDP, the alternative participation fund is a fund of a pension company pursuant to Section 17 (1) (e) of ZDP and is therefore a separate taxpayer. From the perspective of Act No. 235/2004 Coll., On Value Added Tax, as amended, the alternative participant account is subordinated to the term “participant fund”.

**Re point 3 [new Title VI - Sections 108a to 108c]:**

New form of a participation fund is introduced, which may be oriented on very dynamic investments, the so-called alternative participation fund.

Re Section 108a: Participation funds have the amount of fees regulated by law, which is not a significant limit in investments of such fund to potentially profitable assets, such as in private equityfunds. Such investments may be unavailable to current participation funds, as they are cost-demanding. It is proposed to allow the emergence of a new type of participation fund that would not be so regulated in terms of fees.

Re Section 108b and 108c: The investment options of an alternative fund are regulated, which are wider than in the case of an ordinary participation fund.

**Re points 4, 5, 7, 8 and 13 [Section 115 (4) and (5), Section 170, Section 188 and Section 193 (4)]:**

The amendments are designed to bring these provisions into line with applicable accounting standards. Certain provisions of the act and its implementing legislation are superfluous, or even contradictory, in view of the introduction of an obligation to report financial instruments, their valuation and disclosures in financial statements under International Financial Reporting Standards (IFRS). Therefore, it is proposed to delete provisions on valuing by fair value and authorization to issue an implementing regulation in Section 115 (4) and (5) of ZDPS and remove the reference to valuation under the Pension Insurance Act (Section 188 (3) of ZDPS) and the exemption for valuation of government bonds of OECD member states (Section 193 (4) of ZDPS).

**Re point 6 [Section 136 (4)]:**

Legislation follows up to a new type of alternative participation fund and sets out that pension company cannot comply with a party’s request to conclude a contract on supplementary pension savings with the strategy of saving including alternative participation fund if the participant rejects to provide information specified in Section 136 (1) of ZDPS or submits information evidently incomplete, inaccurate or false.

**Re points 9 to 11 [Section 190 (1) and Section 191 (3)]:**

The restriction according to which it was not possible to be a participant in the supplementary pension savings and a participant in the transformed fund at the same time is removed. This should now be possible, but such a party loses the right to state contribution to contributions paid to pension insurance (i.e. in relation to the transformed fund). The restrictive provisions allowing the transfer of the participant’s funds from the transformed fund to the participation funds by concluding a supplementary pension savings contract only with the pension company that managed the transformed fund, are repealed. Another accompanying measure addresses not counting the same saving time twice. It is possible to transfer assets from the transformed fund to the participation funds, the reverse transfer is not allowed. It is possible to transfer from the transformed fund to the participation fund of another pension company. The aim of these changes is to support the mobility of participants from transformed funds to participant funds.

**Re point 12 [Section 192 (3)]:**

This is a clarification of the provisions on the calculation of a pension fund’s remuneration from the profits of a transformed fund so that it is clear that it generally applies to any profit or loss of the transformed fund, whether in the current or previous financial years, and how to proceed when calculating the remuneration.

**Part ten, Article XI**

**Amendment to the Act on Management Companies and Investment Funds**

**Re points 1 and 2 [Section 11 (1) (a) and (b)]:**

The amendment states that an investment company may carry out, on the basis of a mandate, individual activities involving the management or administration of an investment fund, even for an investment fund that is managed by another person or administered by another person in connection with permission to manage or administer investment funds [i.e. Section 11 (1) (a) and (b) of ZISIF] without the need to have an authorization to provide investment services pursuant to Section 11 (1) (c) to (f) of ZISIF. The same approach will also be applied to emerging investment funds (e.g. preparation of license documentation), as the general wording of the proposed provision involves all sub-activities that would include management or administration for the “own” investment fund. However, the authorized person shall not be deemed to be the manager or administrator of the investment fund concerned. This approach is consistent with the interpretation of European legislation, as well as some other EU member states (e.g. Luxembourg) and shall increase competitiveness of domestic entities. At the same time, it is assured that “the carrying out of management or administration sub-activities” means only the carrying out of those activities towards the investment fund, not the carrying out of those activities for other entities (e.g. insurance companies). In these cases, the activities must be performed as activities pursuant to Section 11 (1) (c) to (f) of ZISIF (i.e. as investment services). It is not a substantive change, only a clarification of the existing legislation, the precise interpretation of which has caused difficulties.

**Re point 3 [Section 11 (4)]:**

The change is related to the addition of a new paragraph 7 in Section 11 of ZISIF.

**Re points 4 and 5 [Section 11 (5)]:**

The changes are related to the changes in § 11 (1) of ZISIF.

**Re point 6 [(Section 11 new paragraph (7)]:**

The amendment now allows an investment company that is not authorized to exceed the decisive limit to be, as an entrepreneur, a trustee of a trust fund which is not an investment fund. Paragraph 4 clarifies the related reference.

**Re point 7 [Section 15 new paragraphs (2) to (5)]:**

The amendment sets out the registration fee and annual renewal fee for persons under Section 15 of ZISIF, as there are costs naturally associated with their evidence. Related rules, including deletion, shall be established. It is now possible for persons under Section 15 of ZISIF to be, on the basis of relevant trade license, a trustee of a trust fund that is not an investment fund. This change is related to the change in Section 11 (7) of ZISIF, where under EU law persons under Section 15 of ZISIF are also considered to be so-called under-limit managers.

**Re points 8 and 9 [headings Sections 21 and 48, 21 (1), 48 (1) and 517 (1)]:**

The amendment terminologically aligns the term “personnel equipment” with the ZPKT and the act on banks to “personnel resources”.

**Re items 10 to 15 [Section 38 (1) new letters (s) and (t) and deletion of paragraph 2, Section 39 (2) and deletion of paragraphs (3) to (5)]:**

The amendment abolishes the special regime of activities pursuant to Section 38 (2) of ZISIF in connection with Section 38 (1) (s) of ZISIF. The investment fund administrator may therefore continue to authorize another person to carry out the individual administration activities, but it is always a delegation and therefore the administrator remains responsible for their execution. This amendment clarifies and facilitates the administration regime for the concerned subjects in the collective investment sector. The provision of Section 38 (1) (s) of ZISIF included a list of services usually included under the concept of administration, which the Czech law considered to always meet the definition of investment services. In letter (s) it was stated that these activities can be performed both on their own and can be procured if the conditions for their performance are not fulfilled (especially according to Section 39 of ZISIF), i.e. especially if the person does not have the appropriate authorization. The main reason for the new regulation is that the EU directive anticipate only one administrator who is responsible for carrying out all activities listed in the annexes of the directives. Even in the case of duality of the manager and the administrator in connection with the national regulation in ZISIF, it should not be permissible to allow the transfer of responsibility to another person, as is the case in connection with Section 38 (1) (s) of ZISIF when administrator only “procures” performance of activities according to Section 38 (2) of ZISIF. The amendment also changes Section 39 of ZISIF so that a person authorized to administer an investment fund does not need additional authorization to provide investment services to perform these activities. Therefore, a special authorization would only be needed in the case of delegation of these activities by the administrator to another person who would already have the appropriate authorization (which may be an investment company authorization to provide investment services or an authorization under the Capital Market Undertakings Act). Furthermore, regulation in Section 482, 483, 485 and 487 of ZISIF is adapted to Section 38 and 39 of ZISIF.

**Re points 16 and 17 (Section 68):**

Assets within investment funds are divided into the so-called basic business (operating) part and the so-called investment part. The new regulation seeks to limit, except for standard funds, the activities of the depositary to the investment part of the assets of individual funds (sub-funds).

**Re point 18 [Section 71 (1) (b)]:**

The requirement of ZISIF for storage of other assets except for financial instruments complicated, and in some cases makes impossible, functioning of funds with alternative investment strategies, which invest for example in physical commodities, artworks, vintage cars, wines, etc. Bank and non-bank depositary do not have adequate premises (in terms of space dimensions or quality requirements) for the custody of the aforementioned types of assets and given the strict characteristics to be fulfilled by a third party in the case of outsourcing of depository activities under Sections 77 and 78 of ZISIF, it is not even possible to entrust a third party which would have adequate premises (e.g. art gallery or customs warehouses for investment wines).

**Re points 19 and 20 [Section 83 (1) and (2)]:**

A similar change is made as in Section 68 of ZISIF. At the same time, the obligation to have depositaries for the so-called EuVECA and EuSEF funds is explicitly removed. This obligation goes beyond the scope of European law for the so-called EuVECA and EuSEF funds and should be inferred by an interpretation of the existing legislation, it is thus not a substantive change.

**Re point 21 (derogation of Section 112):**

The obligation of equal treatment of investors by the manager and the administrator arises from the general obligation of the manager and the administrator of the investment fund to act fairly and in the best interests of investors (Section 22 of ZISIF). It is therefore abolished that this obligation is explicitly imposed with regard to mutual funds, since it is duplicate of those general rules.

**Re point 2 2 (§ 169 (1)):**

The provision that the statute of a sub-fund may be incorporated into the statute of an investment fund shall be deleted, provided that this does not reduce the readability of the statute for investors. It is established that an investment fund that creates sub-funds must have a status only in relation to those sub-funds. The amendment aims to clarify and simplify the statute of investment funds creating sub-funds.

**Re points 23 and 24 [Section 170 (2) and Section 170 new paragraphs (4) to (6)]:**

It is proposed that an investment fund which is a limited partnership with investment certificates may create sub-funds. The current legislation allows only joint stock companies with variable share capital (SICAV) to create sub-funds, but there is no reason to prevent this possibility being extended to limited partnerships with investment certificates. In addition, the new abbreviation “SICAR” (in French: *Société d'Investissement en Capital à Risque*) is introduced for this company, since this abbreviation is world-wide known and understandable, thus making the company more attractive. The amendment introduces a new rule that the memorandum of association or the decision of all shareholders may provide for a different distribution of profit and loss than allowed by the first sentence of Section 126 (1) of the Business Corporations Act.

**Re point 25 (new Part 7 - Section 186a):**

The amendment creates a new designation for the business name of the investment fund, which is a joint stock company - “investment fund with fixed capital”. This designation may be replaced by the abbreviation “SICAF” (in French: *Société d'Investissement à Capital Fixe*), since this abbreviation is worldwide known and comprehensible, thus making the company more attractive. The administrator of a closed-end investment fund issues securities that are not associated with the right of repurchase by their issuer and are closed upon the acquisition of capital from investors. The purpose is also to enable ordinary fixed-capital joint-stock companies to create sub-funds similarly to a variable-capital joint-stock company, which also flatten the disadvantage of the domestic capital market to foreign markets where 'normal' joint-stock companies can create sub-funds.

**Re points 26 to 29 [Section 193 (2) (b), (c), deletion of letter (d) and new paragraph (6)]:**

The deadline for determining the value of a share certificate of an investment fund that invests in real estate or participations in real estate companies is brought into line with the relevant EU regulations. The right of repurchase of share certificates of these investment funds is also adapted to this. At the same time, the period is shortened from 3 years to 2 years, which runs from the establishment of the fund, when the share certificates of these funds do not have to be redeemed.

**Re point 30 (new Section 193a):**

Funds other than mutual funds and SICAV are also required to issue shares at the value of fund capital (NAV). The purpose of this adjustment is to avoid distorting the assets of existing investors in the case of a share issue at a different price.

**Re point 31 [Section 196 deletion of paragraph (2) and designation of paragraph (1)]:**

The rules on collective investment are aligned with the applicable accounting standards. Above all, the possible conflict between the wording of ZISIF and Section 4a of Decree No. 501/2002 Coll. is being avoided.

**Re point 32 (Section 295a):**

The change is related to the change in Section 325a of ZISIF.

**Re points 33 and 34 [Section 315 (1), Section 316 (2), Section 318 (1) and (2), Section 319 (1) and (2), Section 320 (1) and (2), Section 322 (3) and 4, Section 324 (1) and (2) and Section 325 (1), (2) and (4)]:**

The lists of foreign investment funds in Section 597 of ZISIF are merged. The current regime is a specific national regulation that is not used by foreign entities and makes the lists kept by the CNB unclear.

**Re point 35 (Section 325a):**

Due to excessive regulation bringing disproportionate costs, obligatory entry into the list of CNB funds whose home country is not an EU member state, managed by a manager not authorized to exceed the decisive limit and which are publicly offered in the Czech Republic, is abolished. Section 325a of ZISIF expressly refers to the terms of the public bidding, so it can be concluded, *a contrario*, that a bid that will not achieve the quality of the privatebidding can be carried out without fulfilling the condition set out in this provision. However, the provision must be interpreted in conjunction with Section 296 and 297 (2) of ZISIF, which impose restrictions in relation to this category of funds - only a qualified investor can become an investor.

**Re points 36 and 38 [Section 376 new paragraph (3) and Section 467 new paragraph (6)]:**

Some procedural aspects of the liquidation of the mutual fund are clarified. This includes, inter alia, disclosure of information on ongoing liquidation in CNB lists pursuant to Section 597 (b) of ZISIF in order to ensure transparency. Administrator instead of the management company or liquidator of a mutual fund shall, without undue delay after the distribution of liquidation balance of mutual fund, file a request for removal from the list of mutual funds. Related changes are also made in Section 506a of ZISIF.

**Re point 37 (Section 434):**

Change with regard to unification of deadlines under the Accounting Act.

**Re point 39 [Section 482 deletion of letter (h)]:**

The change is related to changes in Section 38 and 39 of ZISIF.

**Re point 40 [Section 483 (1)]:**

The deadlines for certain licensing procedures according to ZISIF are unified, because they are similarly administrative-demanding administrative procedures, in which more or less similar prerequisites for performance of activities (managers, qualified holdings, management and control system, etc.) are assessed. A related change is also made in Section 510 (3) of ZISIF.

**Re point 41 to 43 [Section 485 (1) (c) points 5 and 6, deletion of letter d) and Section 487]:**

The changes relate to changes in Section 38 and 39 of ZISIF. The amendment simplifies over-regulation. The act does not stipulate different conditions for the performance of administration with respect to the approval of the manager of the investment fund in question (whether he is entitled to exceed the decisive limit or not). At the same time, the act does not lay down different requirements in terms of demonstrating the prerequisites for the performance of the administrative activity and there is therefore no reason to differentiate in this respect in the context of the licensing procedure. The special regime of activities pursuant to Section 38 (2) of ZISIF is abolished, therefore the wording of letter (b) in Section 487 of ZISIF must be removed.

**Re points 44 and 45 [Section 506a (1) new letter (a) and (b)]:**

The changes relate to changes in Sections 376 and 467 of ZISIF. In Section 506a (1) (a) of ZISIF it is stipulated that the CNB shall also decide to remove from the CNB list in the case of an investment fund or a foreign investment fund, if so requested by the administrator or liquidator, if it is an investment fund with legal personality. The management company could also submit this application under the previous legislation. At the same time, expression in Section 506a (2) (b) of ZISIF “termination of mutual fund or” is deleted, because this provision does not make sense in connection with Section 108 of ZISIF, according to which the mutual fund expires on the day of deletion from the CNB list. It is also advisable to enter this information in the CNB list during the liquidation process and thus make it available to all persons using the CNB list.

**Re point 46 (Section 506b new paragraph 3):**

The amendment simplifies the procedure for removal from the list of in pursuant to Section 596 or Section 597 of ZISIF. All situations referred to in Section 506b (2) of ZISIF are similar, i.e. there is no review or justification to maintain the possibility of appeal. Where review is required, review outside the appeal procedure or the retrial or judicial protection is still available.

**Re point 47 (Section 510 new paragraph 3):**

The change is related to the change in Section 483 of ZISIF.

**Re point 48 (Section 532)**

Access to all applications submitted to the CNB pursuant to ZISIF shall be unified.

**Re points 49 to 51 [Section 597 (d), new letters (e), (f) and (g)]:**

New lists kept by the CNB are introduced, distinguishing types of investment funds. This division will simplify the traceability of information on the collective investment sector and information on individual investment funds on the CNB website.

**Re point 52 [Section 599 (1) (h) and Section 604 (1) (h)]:**

The amendment terminologically aligns the term “personnel equipment” with the ZPKT and the Act on Banks to “personnel resources”.

**Re points 53 and 54 [Section 604 (1) (m) and (3) new letter (e)]:**

In connection with changes in Sections 376 and 467 of ZISIF, new offenses are introduced.

**Re points 55 and 56 [Section 611 new paragraphs (5) and (6) and paragraph (8)]:**

In connection with the changes in Section 467 of ZISIF, an offense is added to the obligation to inform the CNB of changes in the facts on the basis of which a license to operate under the ZISIF has been granted.

**Re point 57 [Section 625 (2)]:**

The provision is adapted to the amendments in Section 38 of ZISIF.

**Re points 58 and 59 [Section 633 (1)]:**

The amendment point expands term “investment fund property” in ZISIF so that it corresponds more to EU law. It newly means property in such mutual fund. The problem is that the concept of property is broader than property under the Civil Code. This problem exists not only with regard to the European legislation, but also, for example, with the Accounting Act, which explicitly states in several places “property and other assets”. At the same time, in practice, investment funds calculate NAV based on assets and not property, as this is a way of giving a true picture of their situation.

**The eleventh part, Article XII**

**Amendment to the Act on Administrative Fees**

**To point 1 until 7 [item 65 point 9 (d) and (f) and new letters (t) and (u), item 65 point 11 new letter (l), the new note item 65 and item 66 point 9 (q)]:**

The adjustment of administrative fees related to operations in the collective investment sector is being revised. In particular, the new regulation reflects the real cost and complexity of the individual licensing or registration procedures. An administrative fee for the renewal of a registration shall be paid by a legal person pursuant to paragraph 1 of Section 15 of ZISIF within no later than 30 days before the registration expires. This time limit shall be set in the light of the experience of the supervisory authority, which may have difficulty in administering the application in the event of a period shorter than 30 days before the expiry of the registration. The proposed provision limits the duration of the registration to a fixed period and at the same time allows the registration to be extended by paying of the administrative fee. The maturity of the administrative fee for the renewal of the registration is regulated in the subsequent amendment to the Act on Administrative Fees in the note to item 65 of the list of administrative fees. Otherwise, the procedure of the administrative body and the taxpayer in collecting and paying the administrative fee is governed by the general regulation in the Act on Administrative Fees (see in particular Section 5 of the ZoSP).

With the same optics, a fee is also introduced for the notification of foreign investment funds to be offered in the Czech Republic and for the registration of a person referred to in Section 15 (1) of ZISIF.

The European legislation does not specifically regulate charges levied by member states[[26]](#footnote-27) (with no regard to domestic funds, or in the case of cross-border offering of investment funds from another member state). Directive AIFMD (2011/61/EU) and the UCITS Directive (2009/65/EU) provides that in the case of cross-border offering of investment funds based on so-called European passport, administrators comply with legislation governing the offering of investments host member state (Art. 32 (5) of the AIFMD and Article 91 et seq. of the UCITS). At the same time, however, both directives state in those provisions that the host member state may not impose additional requirements or conditions on the cross-border offering of investment funds other than those resulting from those directives. It was also on 12 July 2019 published in the Official Journal of the EU a regulation on cross-border distribution of investment funds[[27]](#footnote-28), which explicitly anticipates the possible existence of fees for the cross-border offering of investment funds and sets basic principles in this respect (fees must be proportionate to the actual costs of the supervisory authority for overseeing cross-border investment fund offers, the supervisory authorities must ensure their transparency, etc.).

Currently, the Czech legislation requires a fee to be paid by Czech and foreign investment funds in the following situations:

|  |  |  |
| --- | --- | --- |
| Matter | Provision | Fee |
| Acceptance of an application for authorization of a self-governing collective investment fund | Item 65, point 2 (j) of Annex to ZoSP | CZK 100,000  |
| Acceptance of an application for authorization of a self-governing investment fund of qualified investors | Item 65, point 2 (v) of Annex to ZoSP | CZK 50,000 |
| Acceptance of an application for a change in the authorization of a self-governing investment fund  | Item 65, point 7 (c) of Annex to ZoSP | CZK 35,000 |
| Acceptance of an application for entry of a standard fund or sub-fund details into the CNB list | Item 65, point 9 (h) of Annex to ZoSP | CZK 20,000 |
| Acceptance of an application for registration of an investment fund with a legal person that is not a self-governing investment fund on the list maintained by the CNB  | Item 65, point 9 (g) of Annex to ZoSP | CZK 2,000 |
| Receipt of application for assessment of comparability of foreign investment fund with special fund | Item 66, point (9) (q) of Annex to ZoSP | CZK 5,000  |

With regard to the requirements in other EU member states, we state that it is almost impossible to trace information on notification fees on the websites of individual supervisory authorities. Below is therefore the information from Germany, which is described in the *guidances of* BaFIN[[28]](#footnote-29) (the fee structure is relatively complex, at least a presentation of the types of relevant fees is stated below):

- notification of foreign UCITS (UCITS sub-fund) - EUR 380

- denotification of foreign UCITS (UCITS sub-fund) - EUR 280

- notification of foreign AIF (AIF sub-fund) for offering to qualified investors - EUR 435

- notification of foreign AIF (AIF sub-fund) for public offering - EUR 1 545

As for the other member states, we refer to the well-arranged and exhaustive material of the 2018 European Financial Market Supervision System, which deals only with UCITS funds. The following are examples from such material to illustrate it. The European Financial Market Supervision System has published similar material with regard to AIFMD. The information about these fees is stated in the table below in the last column on the right.

|  |  |  |
| --- | --- | --- |
| Member state | UCITS | AIF |
| Notification fee | Continuous fee |
| AT | EUR 1,100 (+ EUR 220 per second and each additional sub-fund)  | EUR 600 per year (+ EUR 200 for the second and each additional sub-fund)  | Same as UCITS |
| BE | - | EUR 2,055 for each (sub)fund per year  | Variable annual fee EUR 375 to EUR 3,000 per year  |
| BU | - | EUR 225 per fund per year | - |
| HR | - | EUR 1,860 per year (+ EUR 660 for the second and each additional sub-fund)  | - |
| CY | EUR 800  | EUR 1,000 per year / EUR 2,000 per year in the case of a fund with sub-funds  | - |
| DK | EUR 750 (for bidding notification, but also for other changes notification) | EUR 2,400 per year  | EUR 670 per year for the (sub)fund |
| EE | - | - | - |
| FI | EUR 1,600 (+ EUR 200 for each additional fund with the same manager)  | - | Variable one-time fee |
| FR | EUR 2,000 for each (sub)fund  | EUR 2,000 per year  | Same as UCITS |
| EL | EUR 1,024 for each (sub)fund  | Calculation by assets, not less than EUR 1,024 for each (sub)fund per year  | - |
| HU | - | - | - |
| IE | - | - | - |
| LT | EUR 1,422 (+EUR 426 for each change)  | EUR 1,422 per year  | EUR 1,422 (+ EUR 426 for each change) + EUR 1,209 for notification Variable annual fee |
| LUX | EUR 2,650 / EUR 5,000 (in case of a fund with several sub-funds)  | - | Same as UCITS |
| MT | EUR 2,500 (+ EUR 450 per each sub-fund)  | EUR 3,000 per year (+ EUR 500 for each sub-fund)  | Same as UCITS |
| NE | - | - | - |
| NO | - | - | - |
| PL | EUR 4,500  | - | Same as UCITS |
| PT | - | - | - |
| RO | - | EUR 1,100 per year  | Variable annual fee ( EUR 1,000 to EUR 3,300)  |
| SK | - | Calculation by assets, not less than EUR 1,000 per year  | Variable annual fee |
| SI | EUR 200 for each (sub)fund | EUR 800 for each (sub)fund per year | EUR 210 per (sub)fund for notification and in addition once a year  |
| ES | EUR 1,000  | EUR 2,500 per year  | EUR 2,500 for notification and EUR 3,000 per year  |
| SW | - | - | - |

It follows from the table above that even abroad it is common for investment funds to be subject to a fee obligation, not only domestic funds, but also foreign notified funds.

At the same time, entrance fees are also common in other sectors and correspond, inter alia, to the costs of licensing proceedings. It is therefore proposed to introduce entry fees for all kinds of domestic funds (currently some types of mutual funds are not subject to the fee), as well as offering foreign funds in the Czech Republic. In order to ensure compliance with the Regulation on the cross-border distribution of investment funds, such fees shall be proportionate to the costs associated with carrying out the supervisory activity.

**The twelfth part, Article XIII**

**Effectiveness**

It is proposed for the amendment to take effect on 1 January 2022, as we consider it desirable that the new amendment take effect at the beginning of the calendar year and the date of 1 January 2022 appears to be the earliest possible date, taking into account the October 2021 Chamber of Deputies elections and the length of the legislative process in the Czech Republic.

1. https://www.mfcr.cz/cs/aktualne/tiskove-zpravy/2019/ministerstvo-financi-predstavilo-koncepc-34656 [↑](#footnote-ref-2)
2. https://www.vlada.cz/cz/jednani-vlady/programove-prohlaseni/programove-prohlaseni-vlady-165960/ [↑](#footnote-ref-3)
3. https://www.mfcr.cz/cs/aktualne/tiskove-zpravy/2019/ministerstvo-financi-predklada-navrh-vec-36619 [↑](#footnote-ref-4)
4. https://www.mfcr.cz/cs/soukromy-sektor/kapitalovy-trh/cenne-papiry/2018/verejna-konzultace-blockchain-virtualni-33613; https://www.mfcr.cz/cs/soukromy-sektor/kapitalovy-trh/cenne-papiry/2019/vyhodnoceni-verejne-konzultace-blockchai-34569 [↑](#footnote-ref-5)
5. https://www.mfcr.cz/cs/soukromy-sektor/bankovnictvi-a-platebni-sluzby/platebni-sluzby-a-vyporadani-obchodu/aktuality/2020/verejne-konzultace-evropske-komise-ke-ky-37144 [↑](#footnote-ref-6)
6. https://financnigramotnost.mfcr.cz/cs/aktuality/2020/vlada-schvalila-narodni-strategii-financ-3192 [↑](#footnote-ref-7)
7. https://www.mfcr.cz/cs/verejny-sektor/dane/moje-dane/aktualni-informace [↑](#footnote-ref-8)
8. https://www.mfcr.cz/cs/aktualne/tiskove-zpravy/2020/vlada-schvalila-strategii-vlastnicke-pol-37573 [↑](#footnote-ref-9)
9. https://www.mpo.cz/cz/rozcestnik/pro-media/tiskove-zpravy/zastupci-eif-a-mpo-predstavili-investice-z-fondu-fondu-op-pik-do-lighthouse-seed-fund-a-nation-1--248937/ [↑](#footnote-ref-10)
10. https://www.digitalnicesko.cz/; https://www.mpo.cz/cz/podnikani/digitalni-spolecnost/program-digitalni-cesko---243487/ [↑](#footnote-ref-11)
11. https://www.vyzkum.cz/FrontClanek.aspx?idsekce=866015 [↑](#footnote-ref-12)
12. https://www.cr2030.cz/ [↑](#footnote-ref-13)
13. https://www.vlada.cz/cz/media-centrum/aktualne/urad-vlady-se-pripojil-k-memorandu-o-spolupraci-v-oblasti-technologie-blockchain-170425/; https://www.blockchainrepublic.cz/; https://www.blockchainrepublic.cz/s/TZ\_Blockchain\_memorandum.pdf [↑](#footnote-ref-14)
14. https://www.mpo.cz/cz/rozcestnik/pro-media/tiskove-zpravy/cesko-miri-mezi-elitu-a-predstavuje-strategii-umele-inteligence--245980/ [↑](#footnote-ref-15)
15. https://www.mpo.cz/cz/rozcestnik/pro-media/tiskove-zpravy/vlada-schvalila-teze-hospodarske-strategie--252206/ [↑](#footnote-ref-16)
16. https://www.cmzrb.cz/nrf/ [↑](#footnote-ref-17)
17. https://www.sporicidluhopisycr.cz/ [↑](#footnote-ref-18)
18. http://www.finance.gov.ie/what-we-do/international-financial-services/ [↑](#footnote-ref-19)
19. http://www.luxembourg.public.lu/en/publications/k/LFF-luxfin-2020-EN-2016/index.html [↑](#footnote-ref-20)
20. http://www.rokovania.sk/Rokovanie.aspx/BodRokovaniaDetail?idMaterial=23437 [↑](#footnote-ref-21)
21. https://abanksb.bg/downloads/Strategy-Development-Bulgarian-Capital-Market-EN.pdf [↑](#footnote-ref-22)
22. https://www.bse.hu/About-Us/About-Budapest-Stock-Exchange/BSE-Strategic-Report-2017 [↑](#footnote-ref-23)
23. http://www.fm.gov.lv/en/s/financial\_market\_policy/financial\_sector\_development\_plan/ [↑](#footnote-ref-24)
24. https://www.gov.pl/web/finanse/rzad-przyjal-strategie-rozwoju-rynku-kapitalowego [↑](#footnote-ref-25)
25. https://www.mfcr.cz/cs/soukromy-sektor/kapitalovy-trh/podnikani-na-kapitalovem-trhu/2020/verejna-konzultace--scorecard-korporatni-37189 [↑](#footnote-ref-26)
26. However, for example, they are explicitly foreseen in the notification form for UCITS funds in Annex I, Part B of Commission Regulation (EU) No. 584/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council, regarding the form and content of the standard UCITS notification and certificate, the use of electronic communication between competent authorities for notification purposes and the procedures for on-site verification and investigation and exchange of information between competent authorities. [↑](#footnote-ref-27)
27. Regulation (EU) 2019/1156 of the European Parliament and of the Council of 20 June 2019 on facilitation of the distribution of collective investment funds. [↑](#footnote-ref-28)
28. https://www.bafin.de/EN/Aufsicht/KVGenInvestmentfonds/ErlaubnisVertrieb/Vertrieb/Vertrieb\_node\_en.html [↑](#footnote-ref-29)