

## **Introduction of the Euro at the Bratislava Stock Exchange: The Most Frequently Asked Questions**

**Starting from the day of the euro introduction, asset values denominated in the Slovak currency are regarded as asset values denominated in the euro currency. How is this stipulation reflected in the conversion of nominal value of shares that form registered capital as well as other securities?**

Similar to asset values in general, the nominal values of shares that form registered capital and other securities denominated in the Slovak currency are, starting from 1 January 2009, regarded as the nominal values and securities denominated in the euro, based on a conversion and rounding of their nominal values according to a conversion rate and other rules applying to the euro changeover. This condition, however, does not affect the obligation of legal entities to ensure and perform a change, conversion and rounding of the nominal value of shares that form registered capital as well as other securities from the Slovak currency to the euro, in a manner according to the Act on the Euro Currency Introduction in the Slovak Republic and separate legislation.

**What method is used to convert the nominal value of securities from the Slovak currency to the euro currency?**

Every issuer of securities denominated in the Slovak currency is obligated to perform the change, conversion and rounding of the nominal value of securities from the Slovak koruna to the euro currency. In the case of equity securities, the conversion of their asset value must be performed simultaneously with the conversion of registered capital. The statutory body of a relevant legal entity is entitled to adopt and carry out the decision on such conversion. The conversion itself is performed by means of a conversion rate, which is a fixed conversion rate between the euro currency and the Slovak koruna established by a legal act of the Council of the European Union. For securities that form a part of a securities issue, the conversion of the nominal value of securities from the Slovak currency to the euro must be performed in the same manner, using a “bottom-to-top” method and equal rounding for the entire securities issue. It also applies that, within the framework of one securities issue, the mutual proportion of the size of individual securities in a relevant issue must not change beyond the scope of the rounding.

**Does the obligation to convert the nominal value apply to all securities in general, or are there exemptions?**

The obligation to ensure and perform the conversion of nominal value from the Slovak currency to the euro does not apply to book-entry debt securities that were mature, in full extent, on the day of the euro introduction at the latest. Further, the obligation does not apply to bills, cheques and debt securities in certificate form that will be mature in full extent and paid out by a single cash instalment, or in a cashless manner, as early as upon their first submission for settlement of a financial claim connected with these debt securities in certificate form.

**Concerning the conversion of nominal value of securities, what is meant by the bottom-to-top method?**

The bottom-to-top method means that what will be performed first is the conversion and rounding of the nominal value of individual securities to the euro currency. Subsequently will be performed - in the euro currency - the summation of the nominal values of all securities in the same issue, which will result in a total nominal value of this securities issue in the euro currency.

**How is the conversion of nominal value of securities rounded?**

In general it applies that the rounding of the nominal value of securities must not be made to less than two decimal places to the nearest eurocent (in the case of downward rounding) or, respectively, to more than an integer to the nearest euro (in the case of upward rounding).

Decree of the National Bank of Slovakia No 240, of 24 June 2008, stipulates the rounding of the nominal value of securities in more detail as follows:

1. The nominal value of equity securities, except for share certificates, is converted from the Slovak koruna to the euro in such a way that the number of decimal places is set to a maximum of six decimal places when rounding the nominal value of a single security, and to a minimum of two decimal places when rounding downwards.
2. The nominal value of debt securities is converted from the Slovak koruna to the euro in such a way that the number of decimal places, when rounding the nominal value of a single security, is set to two decimal places.

If an issuer decides to round the nominal value of securities upwards, at most to an integer to the nearest euro, for this conversion the issuer can use resources from the undistributed profit of previous accounting periods or other own sources of financing. However, the resources used in this way must not exceed the amount of 10% of the reserve fund/indivisible fund. If the issuer rounds the nominal value of securities downwards, not less than 2 decimal places to the nearest eurocent, the remainder from this rounding will be contributed to the reserve fund/indivisible fund.

**What are the due dates for the conversion of nominal value of individual types of securities?**

A decision to convert the nominal value of securities from the Slovak currency to the euro must be adopted, and all legal acts of the issuer necessary for its realisation must be performed no later than 1 year after the day of the euro introduction, that is by 31 December 2009.

In the case of book-entry debt securities, book-entry share certificates and book-entry cooperative share certificates, a decision to convert their nominal value must have been adopted, and all legal acts of the issuer necessary for the realisation of such decision must have been performed no later than one month before the day of the euro introduction that is by 30 November 2008.

**What are the obligations of the issuers during the conversion of nominal value of securities?**

After adopting a decision to convert the nominal value of securities from the Slovak currency to the euro currency, every issuer is obligated to perform, without delay but no later than 1 year after the day of the euro introduction, necessary actions in order for the nominal value of registered capital and the nominal value of securities to be entered:

- into the list of shareholders;
- into the list of partakers of a unit trust or other list of stockholders;
- into the registration of the Central Securities Depository, the Companies Register or other official register/registration where the information on registered capital and securities is kept;
- into the accounts of the owners of book-entry securities, holder accounts, client accounts or other accounts where the information on securities is kept.

In the case of book-entry securities the registration of which is administered by the Central Securities Depository, the issuer is obligated to deliver, within the aforementioned period, a written notice containing information on the conversion to the following:

- the Central Securities Depository;
- the regulated market operator, provided that the securities are traded there;
- the operator of a multilateral trading facility (MTF), provided that the securities are traded there.

In the case of securities in certificate form, the issuer is obligated to mark their nominal value in euros upon the owner's first submission of the securities to the issuer. The same obligation applies to immobilised securities deposited in safe custody, where the issuer must mark the nominal value in euros no later than upon the release of securities from safe custody or upon their first submission to another entity.

**How does the amendment to the Code of Civil Procedure resolve the manner of conversion of registered capital?**

For companies where there are contributions to capital, or registered capital denominated in the Slovak currency, the amendment to the Code of Civil Procedure (which came into effect on 1 December 2008) extends the options of conversion of nominal values with a method that can be performed by granting consent.

Specifically, with the provision of §12a) Section 3 of the Act on Companies Register, the amendment allows entities registered in the Companies Register to ensure and perform the conversion by expressing a written consent with the method of conversion of registered capital to the euro. The amount of such registered capital is specified in a statement by Registration Courts, for informational purposes, and is by default rounded to six decimal places upwards. The prerequisites of this procedure are that the consent with the conversion method must be unconditional, in written form, signed by the members of a statutory body and such signatures must be officially authenticated. Once the consent has been delivered, a relevant Registration Court will perform the conversion without delay.

**What due dates are in place for the Central Securities Depository concerning the change of information in an issuer's register?**

Based on an issuer's notice of the conversion of nominal value of securities issued by the issuer, the Central Securities Depository is obligated, no later than 1 year after the service of the notice (i.e. by 31 December 2010), to record in its registration the relevant change of information in the issuer's register and to ensure, in collaboration with the members of the Central Securities Depository, that the change of information is immediately recorded in the relevant accounts of the owners of book-entry securities, holder accounts, the member's client accounts or other accounts where information on the relevant securities is kept.

**Are the legal acts connected with the conversion of nominal value of securities charged?**

The proposals for entry, registration or other records concerning the conversion of nominal value of securities from the Slovak currency to the euro currency submitted within 1 year after the day of the euro introduction are not charged, and neither are the proceedings concerning such proposals.

**When does the conversion of nominal value of securities come into effect?**

The conversion of nominal value of securities from the Slovak currency to the euro currency comes into effect upon its entry in the registration of the Central Securities Depository, the Companies Register, or other relevant official register or registration of securities. In the case of securities in certificate form that are not registered in any registration or register of securities, the conversion comes into effect on the day when the nominal value in euros is marked on the relevant securities in certificate form.

**Where does the BSSE publish the conversion of nominal values of securities?**

Both the regulated market operator and the MTF operator are obligated to publish the notices that they receive concerning the conversion of nominal value of securities immediately, in a manner stipulated by the Stock Exchange Rules or by the Rules of the MTF. What is actually means is that information of this kind is published by the BSSE on its website and, as a standard practice, in the media that provide capital market information.

**Which specific data has been changed in the BSSE's trading and clearing system in connection with the euro introduction?**

- A change of the currency "tic", in connection with the euro introduction, to 1 cent (i.e. 0.01 EUR);
- The rounding for all prices, volumes and allowable price range middles to 2 decimal places;
- A modification of interfaces for the "nominal value" item the format of which is changed, from 2009 onwards, from an integer to a number with 0 - 4 decimal places.

For issues where the issuer has not yet announced a change of the amount of registered capital and a change of nominal value of a security, the Stock Exchange in the trading system specifies their amounts only in the original currency (SKK).

There has been no change in the input templates for order placement, where numerical values in the EUR currency are stated instead of numerical values in the SKK currency.

No changes have been made to the data for back office members, used for the purposes of clearing and settlement of stock exchange transactions, where numerical values in the EUR currency are stated instead of numerical values in the SKK currency.

<b>How does the dual display affect the BSSE in the year 2009?</b>
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Following the Decree of the National Bank of Slovakia No 221, of 10 June 2008, which stipulates certain rules for dual display of certain prices, payments and other values for the area of financial market and services of financial institutions in the areas of banking, capital market, insurance industry and pension savings, the BSSE will display on its website, in a dual manner, financial values at least in the extent of price lists (for shares and share certificates), summary information (monetary representation of transactions) as well as negotiated deals (for shares and bonds – price or financial volume, respectively) during the entire year 2009.

The media that provide capital market information publish the price lists of equity securities only in the euro currency, with a reference to their dual display on the Stock Exchange's website. The price lists of debt securities have remained unchanged, as the price itself is stated as a percentage (%) of the nominal value of a security.

For the purpose of provision of services and information to natural persons – individuals/clients, dual display is in full extent reflected in the Stock Exchange's Order of Fees.

**Should you have further questions concerning the euro changeover, please send them by e-mail to [oma@bsse.sk](mailto:oma@bsse.sk).**