



**REPORT ON THE WORK OF THE SECURITIES
MARKET AGENCY FOR THE YEAR 2008**

LJUBLJANA, JUNE 2009

CONTENTS

INTRODUCTION	4
I. ESTABLISHMENT, LEGAL STATUS, TASKS, BODIES AND INTERNAL ORGANISATION OF THE AGENCY	5
1. ESTABLISHMENT AND LEGAL STATUS.....	5
2. BASIC TASKS OF THE AGENCY.....	5
3. BODIES OF THE AGENCY.....	7
3.1. <i>The Council</i>	7
3.2 <i>The Director</i>	8
4. INTERNAL ORGANISATION OF THE AGENCY.....	9
II. THE WORK OF THE AGENCY IN 2008	11
1. GRANTING OF AUTHORISATIONS AND APPROVALS.....	11
1.1 <i>Investment funds and management companies</i>	11
1.2 <i>Mutual pension funds and their operators</i>	13
1.3 <i>Brokerage companies and banks</i>	14
1.4 <i>Granting authorisations for public offerings of securities</i>	17
1.5 <i>Exemptions from the obligation to publish a prospectus for certain types of offer of securities in 2008</i>	21
1.6 <i>Granting authorisations for takeover bids</i>	21
1.7 <i>Granting of confirmations of collection of proxies</i>	23
1.8 <i>Approval of the acts of the Ljubljana Stock Exchange and the KDD (Clearing and Depository company)</i>	24
1.9 <i>GRANTING OF AUTHORISATIONs to acquire a qualifying holding of a stock exchange</i>	24
1.10 <i>GRANTING OF AUTHORISATIONs to brokers and members of management boards</i> ...24	
1.11 <i>GRANTING OF AUTHORISATIONs for marketing investment funds, selling investment coupons or shares of investment funds</i>	24
2. KEEPING REGISTERS AND PUBLISHING INFORMATION ON THE OPERATIONS OF PUBLIC COMPANIES.....	24
2.1 <i>Publication of information on the company's operations</i>	25
2.2 <i>Registers</i>	25
3. SUPERVISION AND SUPERVISORY MEASURES.....	27
4. THE WORK OF THE AGENCY IN THE AREA OF LEGISLATION.....	34
4.1 <i>Co-operation in the amendment of acts and the granting of implementing regulations in the area of capital markets (investment companies, public companies, stock exchanges, clearing and depository company, takeovers)</i>	34
4.2 <i>Co-operation in the amendment of act and granting of implementing regulations in the area of investment funds and mutual pension funds</i>	35
5. LEGAL AND OTHER PROCEEDINGS.....	38
5.1 <i>Proceedings before the Supreme Court of the Republic of Slovenia</i>	38
5.2 <i>Proceedings before the Administrative Court of the Republic of Slovenia in connection with applicant's requests for access to public information</i>	38
5.3 <i>Proceedings before district or higher courts – civil proceedings</i>	40
5.4 <i>Proceedings before local and higher courts regarding minor offences</i>	40
5.5 <i>Minor offences proceedings treated by the Agency as a minor offences authority</i>	40
5.6 <i>Notification of a suspected criminal offence prosecutable ex officio</i>	41

5.7 Proceeding before the Labour and Social Court of Ljubljana.....	41
6. COOPERATION OF THE AGENCY WITH OTHER SUPERVISORY AUTHORITIES AND OTHER INSTITUTIONS	41
6.1 Cooperation with domestic institutions.....	41
6.2 Cooperation with foreign and international institutions.....	42
7. THE AGENCY'S ACTIVITIES RELATED TO MITIGATION OF THE IMPACT OF FINANCIAL CRISIS	47
8. PUBLIC RELATIONS.....	48
9. STAFFING AND OTHER GRANTS, AND INFORMATION TECHNOLOGY	49
9.1 Staffing and other grants	49
9.2 Information technology	51

INTRODUCTION

The Securities Market Agency (hereinafter: the Agency) was established in 1994, meaning that 2008 was its 15th year of operation. Pursuant to the Market in Financial Instruments Act (hereinafter: the ZTFI), the Agency must publish the annual statements of accounts of the Agency for the previous year by 31 March of the current year, which are reviewed by an official auditor, and a budget for the current year, sending both to the minister of finance within ten days of their adoption. Approval for the Agency's annual statements of accounts and budget is also given by the Government of the Republic of Slovenia. The Agency makes annual reports to the National Assembly of the Republic of Slovenia on the situation and conditions on the market in financial instruments for the previous year by 30 June of the current year.

This report contains information on authorisations granted to management companies for operation, investment funds, investment firms and mutual pension funds, as well as other authorisations and bylaws granted by the Agency. It describes the work carried out by the Agency in connection with the supervision of financial instrument market participants, the regulatory work of the Agency, and the Agency's cooperation with other domestic and foreign regulatory authorities, international organisations and institutions. This business report, in accordance with the Accounting Act and the Public Finance Act, also contains a report on achieved goals and results.

The figures contained in this report generally refer to work carried out by the Agency in 2008, except in specific cases where they refer to a period before or after 2005 if that provides a more comprehensive account of particular facts or matters connected with the work of the Agency.

I. ESTABLISHMENT, LEGAL STATUS, TASKS, BODIES AND INTERNAL ORGANISATION OF THE AGENCY

1. ESTABLISHMENT AND LEGAL STATUS

The Agency was established as an independent authority by the Securities Market Act (hereinafter: the ZTVP), which entered into force on 13 March 1994. The entry into force of the Securities Market Act (hereinafter: the ZTVP-1) on 28 July 1999, replacing the ZTVP, and the ZTFI on 11 August 2007, replacing the ZTVP-1, ensured that the Agency continued to function. According to the ZTFI, the Agency is a public legal entity, independent in implementing its tasks and responsibilities.

Its basic purpose is to supervise the market in financial instruments and certain financial organisations as well as to implement other tasks and powers set out by applicable legislation, with the aim of ensuring observance of these regulations, thereby creating the conditions for the market in financial instruments to function efficiently.

The funds for the work of the Agency are secured mainly from fees for making decisions on specific matters. The level of the payments and fees is set by a tariff granted by the Agency, person to the approval of the Government of the Republic of Slovenia. The Government of the Republic of Slovenia also gives its approval to the Agency's annual statements of accounts and budget.

The lawfulness, purpose, effective and efficient use of the Agency's funds is supervised by the Court of Audit of the Republic of Slovenia.

The Agency's registered office is at Poljanski nasip 6 in Ljubljana.

2. BASIC TASKS OF THE AGENCY

The Agency grants authorisations, and supervises and implements other tasks and powers set out by the ZTFI, the Investment Funds and Management Companies Act (hereinafter: the ZISDU-1) and the Takeovers Act (hereinafter: the ZPre-1).

The Agency conducts supervision by monitoring reports and notices that the supervised person are obliged to submit to the Agency, by means of inspection of their operations and granting of supervisory measures.

In addition to the above acts, the tasks of the Agency are also defined by the First Pension Fund of the Republic of Slovenia and Transformation of Authorised Investment Corporations Act (hereinafter: the ZPSPID), the Pension and Disability Insurance Act (hereinafter: the ZPIZ-1), and the Book Entry Securities Act (hereinafter: the ZNVP).

Pursuant to the Prevention of Money Laundering and Terrorist Financing Act, the Agency grants recommendations and guidelines related to the implementation of individual

provisions of this act and participates in the compilation of a list of indicators for identifying the parties and the transactions in relation to which it suspects money laundering or financing of terrorism. The Agency, being a supervisory body, is also competent for monitoring the implementation of the provisions of this act by the persons it supervises. Pursuant to the Financial Conglomerates Act, which is a supplement to or upgrading of the existing supervision of operations of all three areas of the financial sector, the Agency, together with the Bank of Slovenia and the Insurance Supervision Agency, prescribes or co-operates in the drafting of its implementing regulations.

More specific tasks of the Agency include:

1. Granting authorisations for the operations of financial organisations pursuant to the ZTFI, the ZISDU-1 and the ZPIZ-1 to:
 - brokerage companies,
 - management companies,
 - investment companies,
 - mutual funds,
 - mutual pension funds,
 - stock exchange,
 - clearing and depository companies.
2. Granting authorisations for qualifying holdings in a brokerage company, a management company, a stock exchange and a clearing and depository company, and Granting authorisations for status changes of companies indicated in the previous item.
3. Approving the prospectuses for the offer of securities to the public and the admission of securities to trading on a regulated market, Granting authorisations for takeover bids.
4. Granting authorisations to operate as stock broker, to hold the office of a member of the management board of a management company, brokerage company, stock exchange or clearing and depository company, and Granting authorisations for the marketing of investment funds and sale of their units.
5. Granting approval of the general acts and tariffs of the stock exchange.
6. Granting approval of the general acts and tariff of the clearing and depository company.
7. Supervising management companies, privatisation funds and investment companies, mutual funds, mutual pension funds, the stock exchange, the central securities clearing company, investment firms and banks providing (auxiliary) investment services and transactions (the latter only in respect to that part of their operations), and supervising the reporting by public companies and procedures pursuant to the ZPre-1, and granting supervisory measures for the elimination of established violations and irregularities.
8. Drafting secondary legislation on the basis of the ZTFI, the ZISDU-1, the ZPre-1, the ZPIZ-1 and the ZNVP.

9. Keeping mandatory registers of tied agents and qualified investors and other registers.
10. Conducting procedures for the violations of the ZTFI, the ZISDU-1, the ZPre-1 and the ZNVP.

In 2003, the Minor Offences Act considerably changed the system of minor offences in the Republic of Slovenia and stipulated that in addition to courts, other minor offence authorities with public authorisations shall also decide on minor offences in the scope of supervising the implementation of laws and regulations defining the minor offences. The Agency, as the holder of a public authorisation and as the minor offences authority supervising the implementation of laws that lie within its powers and responsibilities and defines minor offences shall also decide on minor offences. Because the aforementioned law began to be applied on 1 January 2005, in 2005 the Agency began to exercise its new competence: deciding in minor offences proceedings arising from the violations of the ZTVP-1, the ZISDU-1, the ZPre (and later the ZPre – 1), the ZNVP and regulations granted on their basis. In addition to its established supervising function, the Agency started performing the tasks of a minor offences authority in accordance with the law regulating minor offences. The Agency implements its supervision function in order to ensure that the provisions of the acts and any amendments thereto and the regulations granted on the basis thereof are complied with and, thereby, to create conditions for the efficient operation of the securities markets and inspire the existing and the potential investors' confidence in those markets, while the function of a minor offence authority is of a punitive nature and aimed at the protection of broader social values or interests. The Agency's double function is obvious in cases in which there are evident signs of minor offence, as specified in one of the abovementioned applicable laws and after completing the supervising procedure or on the basis of its findings, the authorised officials of the Agency also conduct procedures or decide on minor offences.

As of 1 May 2004, when Slovenia joined the European Union, and consequently the flow of capital was relaxed and the financial markets in Slovenia were liberalised, financial organisations from EU Member States have been able to directly provide financial services in Slovenia. Furthermore, Slovenian financial organisations have been able to provide such services on the markets of Member States and foreign markets. This means that the work and scope of authorisations of the Agency have been expanded, as it fully or partially controls the operations of financial organisations from other EU Member States on the territory of the Republic of Slovenia and the operations of domestic persons on the financial markets of other EU Member States.

3. BODIES OF THE AGENCY

Pursuant to the provisions of the ZTFI, the bodies of the Agency are the Council of the Agency (hereinafter: the Council) and the Director of the Agency.

3.1. The Council

The Council consists of five members, of whom one is the president. The Director of the Agency is also the president of the Council. The members of the Council shall be

appointed and dismissed by the Government of the Republic of Slovenia at the proposal of the minister responsible for finance. The members of the Council and the Director of the Agency shall be appointed for a period of five years and may be re-appointed.

In 2007, the ZTFI stipulated that the President and the Members of the Council of the Agency appointed on the basis of the ZTVP-1 continue their term of office as president and the members of the expert council under the ZTFI until expiry of their term of office. With the enforcement of the ZTFI-A, the term of office of the members of the Council (but not the president) expired; nevertheless, they performed their tasks until the appointment of new members on 17 July 2008. Since pursuant to the ZTFI, the Director of the Agency also holds the function of the President of the Council, the Director of the Agency Neven Borak started performing the function of the President of the Council with the expiry of the term of office of Miha Juhart as Council President (3 March 2008), who was appointed pursuant to the ZTVP-1. Damjan Žugelj was appointed Director of the Agency on 1 April 2008.

In 2008, the Council was composed of the following members: Miha Juhart (President until 3 March 2008), Neven Borak (until 17 July 2008), Mojca Majič, (until 17 July 2008), Žan Jan Oplotnik (until 6 March 2008), Edo Pirkmajer (until 17 July 2008) and Ms. Alenka Selak (until 17 July 2008). On 17 July 2008, the Government of the Republic of Slovenia appointed new members of the Council: Primož Pinoza, Anka Čadež, Edina Ključanin and Ivan Kukar.

The Council, which held 50 regular meetings in 2008, is competent for adopting the Rules of Procedure of the Agency and the implementing regulations granted by the Agency, as well as deciding on licences, approvals and other individual matters. It is also in charge of adopting the annual report on the work of the Agency and the report on the situation on the market in financial instruments, the annual plan and the budget of the Agency. The Council adopts the Agency's annual statements of accounts, which are audited by a certified auditor. The Council also performs other tasks within the Agency's scope of responsibilities, unless stipulated by law that another body of the Agency is responsible for performing those tasks.

The Agency decides on individual cases according to the procedure set out in the ZTFI. The procedural bodies are the Senate and the President of the Senate. The Senate decides on all individual matters to be resolved by a decision, unless the law stipulates the competence of the President of the Senate for an individual case, and on appeals against the orders of the President of the Senate. The Senate consists of all the members of the Council (of whom one is the President of the Senate), except in a procedure for deciding on individual matters pursuant to the ZPre-1, when, as a rule, it consists of three members of the Council. The provisions of the General Administrative Procedure Act shall apply to the Agency's decision-making procedure, unless otherwise stipulated by the ZTFI.

3.2 The Director

Pursuant to the ZTFI, the Director of the Agency is appointed and dismissed by the Government of the Republic of Slovenia at the proposal of the Minister of Finance. The Minister of Finance shall propose a candidate for the Director of the Agency to the Government of the Republic of Slovenia on the basis of a public tender. Such a tender must be announced at least six months before the term of office of the current Director of

the Agency is terminated. The Director who is appointed for a five-year term of office with the possibility of re-appointment must perform his function on the basis of the employment contract made with the Agency.

The Director of the Agency presents and represents the Agency, manages the Agency's operations and organises its work; pursuant to the provisions of the ZTFI, the Director of the Agency is also the President of the Council.

Until 31 March 2008, the Director of the Agency was Neven Borak; on 1 April 2008, Damjan Žugelj was appointed to this position.

4. INTERNAL ORGANISATION OF THE AGENCY

In 2008, the Council of the Agency adopted the Rules of Procedure, which set out in detail the Agency's internal organisation and operations. On this basis, the Funds Department, the Capital Market Department and the Public Relations Department were formed or reorganised, and the competences of the Supervision Department have been changed significantly. Under the Rules of Procedure of the Agency, and the new Regulations on Internal Organisation and Job Classification adopted pursuant to the rules, the Agency has the following internal organisation scheme:

- Legal Department;
- Capital Market Department with the Primary Market Unit and the Regulatory Office;
- Funds Department;
- Supervision Department with the Person Supervision Department, Licensing Department and Back Office;
- International Cooperation Department;
- Public Relations Department;
- General Administrative Department and
- Information Technology Department.

The Legal Department performs legal and expert tasks and duties related to the preparation of proposals for implementing regulations granted by the Agency, decisions of the Agency, legal opinions and positions, resolving of legal grants from the area of competence of other departments and all other legal tasks and duties related to the implementation of the Agency's tasks and competences.

The Capital Market Department performs all the work and tasks connected with Granting authorisations and approvals for the primary securities markets and in connection with takeovers, reporting by public companies, and administering public registers, and performs other tasks connected with the functioning of the securities market.

The Funds Department performs tasks and duties related to the regulation or systemic regulation of the area of investment or mutual pension funds and all international activities or obligations of the Agency, related to the area of investment and pension funds. In addition to this, it also monitors and supervises the financial and general reporting on the operations of domestic and foreign (notified) management companies, mutual funds, investment funds and mutual investment funds and their operators. At the European level,

the representatives of the Department participate in the Investment Management Expert Group (IMEG) operating within the Committee of European Securities Regulators (CESR). The Department is also in charge of implementing the procedures of transformation of mutual funds into the sub-funds of umbrella funds.

The Supervision Department performs all tasks and duties related to the granting of licences or approvals in accordance with the provisions of the Market in Financial Instruments Act (ZTFI), the Investment Trusts and Management Companies Act (ZISDU-1) and other acts regulating the operations to financial organisations, for status changes and qualifying holdings. It is also in charge of Granting authorisations to natural persons for performing certain transactions and functions related to the financial services market. Furthermore, it supervises the operations of the persons supervised by the Agency; to that end, it reviews and analyses the books of account and reports and gathers other information on the operations of the supervised persons. If any irregularities are found in the operations of the supervised persons, adequate supervisory measures are taken. Its tasks also include the handling of complaints and resolving client questions. The Supervision Department also keeps public and other registers kept by the Agency. Furthermore, it implements the competences of the Agency in the area of money laundering prevention and financing of terrorism, and in the area of financial conglomerates.

The International Cooperation Department performs all the work and tasks relating to the Agency's work with similar regulatory institutions in the EU and other countries and, with European Union bodies and other international institutions, coordinates the Agency's participation in the individual working groups within these institutions, and performs other work and tasks connected with the Agency's international cooperation.

The Public Relations Department is in charge of maintaining relationships with internal and external publics. Among the latter, special attention is paid to media communication. The basic tasks of the Department are to inform the public of the Agency's work, which is ensured through the monitoring of media reports on the work of the Agency, communication with the media representatives and publication of information for the media or the public on the Agency's website. In the framework of internal public relations, the Department informs the employees about relevant media announcements, adopted internal acts etc.

The Information Technology Department performs all the work and tasks relating to the establishment, upgrade and maintenance of the Agency's entire information system and security system, organises the gathering, computer management, processing and analysis of all the Agency's data, provides computer support for the Agency's website, and performs other work and tasks connected with the use of information technology.

The General Administrative Department performs tasks and duties related to organisational, financial, accounting, personnel, technical and similar matters, and other general tasks needed for the operation of the Agency.

The employees of the Agency may not be members of a management or supervisory board in a brokerage company, a bank, a management company, an issuer whose financial instruments are traded on a regulated market or another person obliged to obtain

the authorisation of the Agency for providing its services or transactions under the ZTFI or any other act.

II. THE WORK OF THE AGENCY IN 2008

1. GRANTING OF AUTHORISATIONS AND APPROVALS

The Agency performs its authorisation-granting tasks on the basis of the ZTFI, the ZISDU-1, the ZPre-1 and the ZPIZ-1. These acts give the Agency powers to grant authorisations and approvals for the operation of financial organisations and funds, for the acquisition of a qualifying holding in brokerage companies, management companies, stock exchanges and clearing and depository companies, authorisations for status changes in such companies, approvals of general acts of stock exchanges and clearing and depository companies, authorisations to sell securities to the public and their admission to organised trading, takeover bids, authorisations to natural persons for brokerage agency, for holding the function of a member of a management board in a management or brokerage company, and now also for providing the services of a tied agent for marketing investment funds. The scope of granted authorisations is granted hereinafter.

1.1 Investment funds and management companies

In 2008, the Agency granted the following authorisations and approvals related to the operations of management companies and investment funds:

- 17 authorisations to operate a mutual fund,
- 3 approvals for amendments to the articles of association of an investment firm,
- 17 approvals for the fund rules of a mutual fund,
- 17 approvals for amendments to the fund rules of a mutual fund,
- 37 authorisations to publish the prospectus and simplified prospectus of an investment fund,
- 3 declaratory decisions by virtue of which the Agency established that a mutual fund had brought its operations into line with the ZISDU-1,
- 4 declaratory decisions by virtue of which the Agency established that an investment firm had brought its operations into line with the ZISDU-1 (1 decision based on the seventh paragraph of Article 236 of the ZISDU-1 and 3 decisions based on the fourth paragraph of Article 237 of the ZISDU-1),
- 2 authorisations to obtain a qualifying holding in a management company,
- 11 authorisations to conclude the contract on the provision of custodian services,
- 2 authorisations to amend the contract on the provision of custodian services,
- 3 authorisations to transform an investment firm into a mutual fund,
- 2 authorisations for the recognition of the index adopted by the investment fund,
- 1 decision on withdrawing the request for the granting of the authorisation for a new mutual fund management.

The amended ZISDU-1 also foresaw the possibility of forming umbrella funds and transforming the existing mutual funds into sub-funds of such an umbrella fund. In the scope of this transformation of independent mutual funds into sub-funds of umbrella funds,

the Agency handled 12 requests for transformation. By the end of the year, it had closed eight subjects by granting the authorisations for the formation of umbrella funds from the existing mutual funds to seven management companies (a total of 63 sub-funds), and rejecting the granting of such authorisation for the formation of umbrella funds from the existing mutual funds to one management company. The umbrella funds started operating in 2009.

The Agency grants the authorisation for the management of an umbrella fund if it finds that the contents of the prospectus, including the rules of operating the umbrella fund, the contents of the simplified prospectuses of sub-funds and the contents of the contract on the provision of custodian services to be in accordance with the ZISDU-1 and the secondary legislation and other provisions regulating the operation of investment funds and management companies. In the scope of the procedure, the Agency also checks if the content of the rules of operating the umbrella fund are in compliance with the content of the rules of operating the existing mutual funds that are person of transformation. When the Agency grants an authorisation for the formation of an umbrella fund from the existing mutual funds, the following shall be deemed to have been granted:

- licence for the management of umbrella fund,
- licence for publishing the prospectus of umbrella fund,
- approval of the rules of the management of umbrella fund,
- licence for publishing the prospectus of umbrella fund, and
- licence to conclude a contract on providing custodian services.

Besides the granted authorisations and approvals, the Agency rejected the following due to non-fulfilment of conditions:

- 9 requests for the granting of the authorisation to operate mutual fund,
- 2 requests for the GRANTING OF AUTHORISATION to conclude contracts on the provision of custodian services,
- 1 authorisation for the recognition of the index adopted by the investment fund,
- 1 request for the GRANTING OF AUTHORISATION to provide the services of managing the financial assets of qualified investors.

At the end of 2008, there were 14 management companies operating with registered offices in the Republic of Slovenia, which operated 127 mutual funds and four investment companies.

In 2008, the Agency received and processed 36 notifications for marketing and sale of units of investment funds of EU Member States in Slovenia. Of those, only 15 investment funds met the conditions for direct marketing and sales in the Republic of Slovenia at the end of 2008, while the remaining 21 were transferred to processing in 2009. At the same time the marketing of six investment funds from Member States was discontinued in 2008. As of 31 December 2008, there were 137 investment funds from EU Member States that had met the conditions for direct marketing and sales in the Republic of Slovenia. For the purpose of information and protection of investors, the Agency publishes the list of funds from Member States with authorisation for marketing in the Republic of Slovenia and all amendments on its website.

Table 1: General data on management companies and investment funds as of 31 December 2008

	Asset management company - DZU	Mutual fund - VS	Investment firm - ID	Investment fund (IS) from the EU Member States
Number of persons	14	127	4	137
Number of investors	-	397.472	114.991	n.d.

Source: Agency

Table 2: Number of investment funds and amount of assets under management as of 31 December 2008

Name of DZU	Number of VS and ID operated by DZU	Amount of assets in VS and ID (in EUR)	%
Triglav DZU, d. o. o.	10	339.344.369	17,75
KD Skladi, d. o. o.	18	324.322.731	16,96
NFD DZU, d. o. o.	9	267.107.408	13,97
NLB Skladi, d. o. o.	14	237.355.647	12,41
KBM Infond, d. o. o.	10	170.166.471	8,90
Probanka upravljanje, d. o. o.	9	114.623.281	6,00
Publikum PDU, d. d.	11	77.850.393	4,07
Abančna DZU, d. o. o.	11	69.612.103	3,64
DUS Krona, d. o. o.	1	57.293.987	3,00
Medvešek Pušnik DZU, d. d.	11	55.255.920	2,89
Ilirika DZU, d. o. o.	10	53.298.645	2,79
Primorski skladi, d. d.	4	51.627.882	2,70
Perspektiva DZU, d. o. o.	7	49.263.286	2,58
Krekova DZU, d. o. o.	6	44.741.312	2,34
Total	131	1.911.863.434	100,00

Source: Agency

1.2 Mutual pension funds and their operators

There were six mutual pension funds operated in 2008, five open mutual pension funds, and the closed mutual pension fund for civil servants (the ZVPSJU). These mutual pension funds were operated by three banks, one insurance company and Kapitalska družba d.d.

Table 3: Data on mutual pension funds (VPS)¶

	VPS total		Open VPS	Closed VPS
	31. 12. 2007	31. 12. 2008	31. 12. 2008	31. 12. 2008
Number of funds	6	6	5	1
Number of operators	5	5	5	1
Number of VPS members - total	230.912	238.811	51.620	187.191
Number of VPS members – collective ins.	228.592	236.323	49.132	187.191
Number of VPS members – individual ins.	2.804	3.110	3.110	0
Paid-in net premium in current month (EUR)	9.564.026	10.855.225	4.815.324	6.039.902
Net VS (in EUR)	437.166.906	482.045.486	200.077.800	281.967.686
Market concentration				
- share of the largest fund	57,30%	58,49%	71,46%	100,00%
- share of three largest funds	93,51%	92,03%	91,25%	-

Source: Agency

Pursuant to the ZISDU-1, the operators of pension funds are obliged to conclude a contract on the provision of custodian services for the accounts of individual mutual pension funds that it manages and the assets covering technical provisions of the pension company concerned. The amended Pension and Disability Insurance Act (hereinafter: the ZPIZ-1G) from 2006 imposed the obligation to conclude a contract on the provision of custodian services also on insurance companies which perform activities of supplementary pension insurance with a pension fund under technical provisions. With the obligation to conclude a contract on the provision of custodian services for the account of the pension fund under technical provisions of pension companies or insurance companies, the Agency also obtained some competencies of supervision over pension funds and insurance companies that offer supplementary pension insurance. At the end of 2008, three pension companies and three insurance companies provided supplementary pension insurance.

In 2008, the Agency granted one authorisation to conclude contracts on the provision of custodian services for an insurance company's pension fund under technical provisions, and one authorisation to amend the contract on the provision of custodian services for an insurance company's pension fund under technical provisions.

1.3 Brokerage companies and banks

In 2008, the Agency granted one authorisation for the establishment of a brokerage company. In the scope of the said procedure, the Agency also decided on the granting of authorisations to two holders of qualified shares in a newly-established brokerage company.

In the middle of 2008, one brokerage company ceased performing investment operations and financial instrument services. In May 2008, Banka Domžale, d.d., Banka Zasavje, d.d., and Koroška banka, d.d. were merged with Nova Ljubljanska banka d.d. and their authorisations to perform investment operations and services were terminated.

At the end of 2008, there were 24 active licensed participants that held an authorisation from the Agency or the Bank of Slovenia to provide investment services and financial

instrument services, of which 12 were brokerage companies and 12 were banks. In addition to the above persons holding an authorisation from the Agency or the Bank of Slovenia to provide investment services and financial instrument services, a further three banks held the authorisations of the Bank of Slovenia to provide trading services on their own behalf and for their own account and/or to accept and forward orders.

Thus there were 15 banks, of which 12 are also members of Ljubljanska borza d.d., Ljubljana (hereinafter: the Ljubljana Stock Exchange) and 12 brokerage companies, of which 11 are also members of the Ljubljana Stock Exchange among the licensed traders as of 31 December 2008.

All brokerage companies and banks listed in the table, with the exception of the brokerage company Brokerjet Sparkasse, d.d., which obtained the authorisation under the new regulations (the ZTFI, the Banking Act), obtained authorisations to provide investment services under previously applicable regulations (the ZTVP or the ZTVP-1). Pursuant to the provisions of the first paragraph of Article 582 of the ZTFI, the authorisations granted under previously applicable regulations are deemed as authorisations granted under the ZTFI.

Table 4: List of brokerage companies and banks that held the authorisation to provide securities-related services (the ZTVP-1) or to provide investment services or financial instrument services (the ZTFI) as of 31 December 2008

No.	Bank/ brokerage company	Authorisation (pursuant to the ZTVP-1 or ZTFI*)	Member of the Ljubljana Stock Exchange
1.	ABANKA VIPA, d.d.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11	✓
2.	ARGONOS borzno posredniška hiša, d.o.o.	1, 2, 6, 7, 9, 10, 11	✓
3.	BANKA CELJE, d.d.	10, 11	/
4.	BANKA KOPER, d.d.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11	✓
5.	BROKERJET SPARKASSE, d.d.*	1,9,10,12,13 (ZTFI*)	/
6.	CERTIUS BPH, d.o.o.	1, 2, 3, 4, 5, 6, 7, 9, 10, 11	✓
7.	DEŽELNA BANKA SLOVENIJE, d.d.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11	✓
8.	FACTOR banka, d.d.	1, 2, 3, 5, 6, 7, 9, 10, 11	✓
9.	GBD Gorenjska borzno posredniška družba, d.d.	1, 2, 3, 4, 5, 6, 7, 9, 10, 11	✓
10.	GORENJSKA BANKA, d.d.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11	✓
11.	HYPOTHEK ADRIA BANK, d.d.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11	✓
12.	ILIRIKA BPH, d.d.	1, 2, 3, 4, 5, 6, 7, 9, 10, 11	✓
13.	KD BPD, d.d.	1, 2, 3, 4, 5, 6, 7, 9, 10, 11	✓
14.	MEDVEŠEK PUŠNIK BPH, d.d.	1, 2, 3, 4, 5, 6, 7, 9, 10, 11	✓
15.	MOJA DELNICA BPH, d.d.	1, 2, 3, 5, 6, 7, 9, 10	✓

No.	Bank/ brokerage company	Authorisation (pursuant to the ZTVP- 1 or ZTFI*)	Member of the Ljubljana Stock Exchange
16.	NOVA KREDITNA BANKA MARIBOR, d.d.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11	✓
17.	NOVA LJUBLJANSKA BANKA, d.d.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11	✓
18.	PERSPEKTIVA BPD, d.d.	1, 2, 3, 5, 6, 7, 9, 10, 11	✓
19.	POŠTNA BANKA SLOVENIJE, d.d.	11	/
20.	POTEZA, d.d.	1, 2, 3, 4, 5, 6, 7, 9, 10, 11	✓
21.	PRIMORSKI FINANČNI CENTER INTERFIN, d.o.o.	1, 2, 6, 7, 9 10 11	✓
22.	PROBANKA, d.d.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11	✓
23.	PUBLIKUM borzno posredovanje, d.d.	1, 2, 3, 4, 5, 6, 7, 9, 10, 11	✓
24.	RAIFFEISEN KREKOVA BANKA, d.d.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11	✓
25.	SKB banka, d.d.	1, 3, 4, 5, 6, 7, 8, 9, 10, 11	✓
26.	UNICREDIT BANKA SLOVENIJA, d.d.	1, 2, 3, 5, 6, 7, 9, 10, 11	✓
27.	VOLKSBANK - LJUDSKA BANKA, d.d.	3, 4, 6, 7, 10, 11	/

Source: Agency

* The company Brokerjet Sparkasse, d.d. obtained its authorisation pursuant to the ZTFI.

Key:

Authorisation – Securities-related services under the ZTVP-1:

Brokerage;
Securities portfolio management;
Performance of initial offerings of securities without a firm commitment basis;
Performance of initial offerings of securities on a firm commitment basis;
Services with regard to the admission of securities for trading;
Investment advice;
Management of book-entry securities accounts;
Safekeeping of securities;
Services related to takeovers;
Transmission of orders;
Dealing on own account.

Authorisation – investment services and deals and ancillary investment services under the ZTFI:

1. Reception and transmission of orders in relation to one or more financial instruments.
2. Execution of orders on behalf of clients.
3. Dealing on own account.
4. Portfolio management.

5. Investment consulting.
6. Initial or subsequent underwriting and/or placing of financial instruments on a firm commitment basis.
7. Initial or subsequent placing of financial instruments without a firm commitment basis.
8. Operation of Multilateral Trading Facilities (MTF).
9. Keeping and managing financial instruments for the clients' accounts, including custodian and related services, such as the management of cash and other types of securities and the services of account management of book-entry securities of clients.
10. Providing loans to investors so that they can perform one or more transactions in financial instruments, if the investment firm that provided the loan participates in such loans.
11. Advice to companies on capital structure, business strategy and related matters, and advice and services relating to mergers and acquisitions of companies.
12. Foreign exchange services, if provided by the investment firm in relation to investment services.
13. Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments.
14. Services related to underwriting of financial instruments on a firm commitment basis.
15. Services and deals of the same type as the investment or auxiliary investment services relating to the underlying instruments of derivatives referred to in Points 5, 6, 7, 10 or 11 of the second paragraph of Article 7 of the ZTFI, if they are related to investment or auxiliary investment services.

Furthermore, the Agency granted an opinion to the Bank of Slovenia in the framework of the procedure for granting an authorisation to a bank for the provision of financial instrument management services, related to this procedure.

In the area of the operations of brokerage companies, the Agency granted five authorisations for obtaining a qualifying holding in a brokerage company.

In 2008, the Agency granted one authorisation for the division of a brokerage company.

In 2008, the Agency granted one authorisation for the conversion of the status of a brokerage company from a limited liability company into a public limited company. Related to this procedure, the Agency also granted an opinion to the Bank of Slovenia for the provision of investment services and ancillary investment services and transactions.

In 2008, the Agency obtained 330 notifications from the supervisory authorities of other EU Member States concerning brokerage companies from the European Union Member States that wanted to provide direct investment services and transactions related to financial instruments in the Republic of Slovenia pursuant to the provisions of the Markets in Financial Instruments Directive (MiFID), so that as at the end of 2008, a total of 1,130 companies provided investment services and transactions in the Republic of Slovenia on the basis of notification. Potential investors can obtain information about which brokerage companies from the Member States meet the conditions for providing their services directly in the Republic of Slovenia on the Agency's websites.

1.4 Granting authorisations for public offerings of securities

The offer of securities to the public and their admission to trading on a regulated market in the Republic of Slovenia is possible on the basis of a prospectus that must be approved by the Agency. There are also some exemptions, i.e. cases in which the prospectus need not be compiled. The issuer of the security must inform the Agency about the potential

application of provisions that allow for the exemption from the obligation to compile a prospectus.

In 2008, the Agency granted 15 decisions on the approval of a prospectus for the admission of securities to trading on the regulated market, one decision on the approval of a simplified prospectus for the admission of securities to trading on the regulated market, seven decisions on the approval of a prospectus for offering securities to the public, one decision on the approval of a simplified prospectus for offering shares to the public and one decision on the approval of a prospectus for selling and reoffering shares to the public.

Table 5: Granted authorisations – approval of a prospectus for the admission of securities to trading on a regulated market in 2008

No.	Issuer of securities (VP)	Number of issued securities
1.	FINETOL, finančna družba, d.d., Celje	no-par value shares 254,619 pcs.
2.	FACTOR BANKA d.d., Ljubljana	registered bond (16 th issue) 500 pcs. at EUR 10,000
3.	FACTOR BANKA d.d., Ljubljana	registered bond (19 th issue) 12,155 pcs. at EUR 1,000
4.	PROBANKA d.d., Maribor	registered bond (9 th issue) 250,000 pcs. at EUR 100
5.	FACTOR BANKA d.d., Ljubljana	registered bond (20 th issue) 13,090 pcs. at EUR 1,000
6.	DROGA KOLINSKA, Živilska industrija, d.d., Ljubljana	registered bond 30,000 pcs. at EUR 1,000
7.	DATALAB Tehnologije, d.d., Ljubljana	no-par value shares 106,519 pcs.
8.	BANKA CELJE d.d., Celje	registered bond (11 th issue) 50,000 pcs. at EUR 1,000
9.	ZAVAROVALNICA TRIGLAV, d.d., Ljubljana	no-par value shares 22,735,148 pcs.
10.	FACTOR BANKA d.d., Ljubljana	registered bond (21 st issue) 7,338 pcs. at EUR 1,000
11.	NOVA LJUBLJANSKA BANKA, d.d., Ljubljana	registered bond (BDM1) 125,000 pcs. at EUR 100
12.	NOVA LJUBLJANSKA BANKA, d.d., Ljubljana	registered bond (NLB24) 100,000 pcs. at EUR 1,000
13.	ABANKA VIPA, d.d., Ljubljana	no-par value shares 7,200,000 pcs.
14.	POTEZA SKUPINA, holding podjetje, d.d., Ljubljana	bond 15,415 pcs. at EUR 1,000
15.	PROBANKA d.d., Maribor	registered bond (10 th issue) 30,000 pcs. at EUR 1,000

Source: Agency

Table 6: Granted authorisations – approval of a simplified prospectus for the admission of securities to trading on a regulated market in 2008

No.	Issuer of securities (VP)	Number of issued securities
1.	ALPETOUR, Potovalna agencija, d.d., Kranj	no-par value shares 112,016 pcs.

Source: Agency

Table 7: Granted authorisations – approval of a prospectus for offering securities to the public in 2008

No.	Issuer of securities (VP)	Number of issued securities
1.	ABANKA VIPA, d.d., Ljubljana	no-par value shares 1,700,000 pcs.
2.	NOVA LJUBLJANSKA BANKA, d.d., Ljubljana	no-par value shares 898,204 pcs.
3.	DELO PRODAJA, d.d., Ljubljana	bond 200,000 pcs. at EUR 10
4.	BANKA CELJE d.d., Celje	no-par value shares 69,205 ordinary shares, 17,301 preference

No.	Issuer of securities (VP)	Number of issued securities
		shares
5.	NOVA KREDITNA BANKA MARIBOR, d.d., Maribor	no-par value shares up to 5,700,000 pcs.
6.	IUV Industrija usnja Vrhnika, d.d., Vrhnika	no-par value shares 1,198,200 pcs.
7.	LIVAR, Proizvodnja in obdelava ulitkov, d.d., Ivančna Gorica	no-par value shares 1,011,546 pcs.

Source: Agency

Table 8: Granted authorisations – approval of a simplified prospectus for offering securities to the public in 2008

No.	Issuer of securities (VP)	Number of issued securities
1.	ZAVAROVALNICA TILIA, d.d., Novo Mesto	no-par value shares 62,371 pcs.

Source: Agency

Table 9: Granted authorisations – approval of a prospectus for selling and reoffering securities to the public in 2008

No.	Issuer of securities (VP)	Number of issued securities
1.	POZAVAROVALNICA SAVA, d.d., Ljubljana SLOVENSKA ODŠKODNINSKA DRUŽBA, d.d., Ljubljana	no-par value shares first selling up to a total of 1,500,000 pcs. reselling up to a total of 5,511,388 pcs.

Source: Agency

If a new significant factor occurs in the period from the approval of the prospectus to the closing of the public offer of securities or the beginning of trading on a regulated market, or if a major irregularity or deficiency is found in the said period regarding the information contained in the prospectus that could impact the assessment of securities, the issuer, offeror or the person demanding admission of securities to trading on the regulated market must supplement the prospectus with the relevant or accurate information in a supplement to the prospectus. The procedure of approving the supplement to the prospectus shall be the same as that of approving the prospectus.

In 2008, the Agency approved two supplements to the prospectus for admission to regulated market, one decision on an approval of the supplement to the prospectus for offering shares to the public and one decision on an approval of the supplement to the prospectus for selling and reoffering shares to the public.

Table 10: Granted authorisations – approval of a supplement to the prospectus for admission to the regulated market in 2008

No.	Issuer of securities (VP)	Number of issued securities
1.	SIVENT, družba tveganega kapitala, d.d., Ljubljana	no-par value shares 1,229,712 pcs.
2.	D NALOŽBE, finančne naložbe, d.d., Ljubljana	no-par value shares 90,810 pcs.

Source: Agency

Table 11: Granted authorisations – approval of a supplement to the prospectus for offering securities to the public in 2008

No.	Issuer of securities (VP)	Number of issued securities
1.	NOVA LJUBLJANSKA BANKA, d.d., Ljubljana	no-par value shares 898,204 pcs.

Source: Agency

Table 12: Granted authorisations – approval of a supplement to the prospectus for selling and reoffering securities to the public in 2008

No.	Issuer of securities (VP)	Number of issued securities
1.	POZAVAROVALNICA SAVA, d.d., Ljubljana SLOVENSKA ODŠKODNINSKA DRUŽBA, d.d., Ljubljana	no-par value shares first selling up to a total of 1,500,000 pcs. reselling up to a total of 5,511,388 pcs.

Source: Agency

1.5 Exemptions from the obligation to publish a prospectus for certain types of offer of securities in 2008

In 2008, the Agency received 41 notifications of the issuers of securities on the application of exemption from the publication of prospectus. These are notifications on the application of exemption in cases in which the issuers are not obliged to obtain the approval of the prospectus for offering securities to the public for individual types of offers of securities, since they need not compile a prospectus. Notifications to the Agency contain detailed information on the issuer and security on the basis of which the investors may assess their potential investment.

The Agency also regularly monitors the increase in the share capital of public limited companies by granting new shares through publications in the Official Gazette of the Republic of Slovenia, the notifications of the clearing and depository company and public announcements (convocations of general meetings, general meetings etc.). If the share capital is increased by granting new shares, the company must submit to the Agency either the request for the granting of approval of the prospectus for public offering or the notification on the application of exemption in case no approval of the Agency is required for the granting of securities. Furthermore, the Agency monitors potential grants of other securities (e.g. debt securities), since the issuers are obliged to obtain the Agency's approval before offering any type of securities to the public or inform the Agency which of the possible exemptions under Article 52 of the ZTFI they apply.

1.6 Granting authorisations for takeover bids

In 2008, the Agency granted 20 authorisations for takeover bids according to the ZPre-1. The Agency will issue such authorisations after it has verified the compliance of individual elements of the takeover bid with the provisions of the takeover legislation. The Agency also verifies if the takeover price offered by the acquirer is in accordance with the law and the adequacy of other disclosures regarding the acquirer and the target company, which the shareholders need for adopting a decision on the acceptance of a takeover bid.

Table 13: Granted authorisations for takeover bids in 2008

No.	Acquirer	Target company	Securities targeted in bid
1.	HAT, finančna in poslovna družba, d.o.o., Ljubljana, MEDALJON, upravljanje drugih družb, d.d., Maribor, PROBANKA, d.d., Maribor, SGP-KONGRAD-IGEM Dravograd, proizvodnja, trgovina in storitve, d.d., Šentjanž pri Dravogradu	AVTOTEHNA, zastopanje, trgovina, izvoz-uvoz, servis in proizvodnja, d.d., Ljubljana	ordinary registered shares 133,021 ordinary registered shares
2.	AVTOTEHNA, zastopanje, trgovina, izvoz-uvoz, servis in proizvodnja, d.d., Ljubljana MEDALJON, upravljanje drugih družb, d.d., Maribor	ZLATA MONETA II finančna družba, d.d., Maribor	ordinary registered no-par value shares 4,443,458 no-par value shares
3.	INFOND HOLDING, finančna družba, d.d., Maribor, CESTNO PODJETJE MARIBOR, družba za gradnjo in vzdrževanje cest, d.d., Maribor, FIDINA, finančna in nepremičninska storitev, d.d., Ljubljana, KOTO, proizvodno in trgovsko podjetje, d.d., Ljubljana	PIVOVARNA LAŠKO, d.d., Laško	ordinary registered no-par value shares 5,087,574 no-par value shares
4.	KOLONEL poslovno svetovanje, d.o.o., Ljubljana	CENTER NALOŽBE, finančna naložba, d.d., Maribor	ordinary registered no-par value shares 841,840 no-par value shares
5.	INTERSVET, svetovanje, inženiring, vodenje projektov in storitve, d.o.o., Ljubljana	HIDROTEHNIK Vodnogospodarsko podjetje, d.d., Ljubljana	ordinary registered no-par value shares 342,648 no-par value shares
6.	SARINI, svetovanje in investiranje, d.o.o., Maribor	ETRA 33 Energetski transformatorji, d.d., Ljubljana	ordinary registered no-par value shares 17,798 no-par value shares
7.	HOLDING PMP, naložbena dejavnost, d.d., Ljubljana, MERKUR-trgovina in storitve, d.d., Naklo, ZLATA MONETA II finančna družba, d.d., Maribor, PERUTNINSKA ZADRUGA PTUJ PZP, z.o.o., Hajdina, COMET, umetni brusi in nekovine, d.o.o., Zreče, PROBANKA, d.d., Maribor	PERUTNINA PTUJ reja perutnine, proizvodnja krmil, perutninskega mesa in izdelkov, trgovina in storitve, d.d., Ptuj	ordinary registered no-par value shares 3,425,818 no-par value shares
8.	FOKUSS financiranje razvojnih projektov, d.o.o., Ljubljana	HRAM HOLDING, finančna družba, d.d., Ljubljana	ordinary registered no-par value shares 2,110,682 no-par value shares
9.	INTERFIN NALOŽBE, finančna družba, d.d., Koper	MODRA LINIJA HOLDING, finančna družba, d.d., Koper	ordinary registered no-par value shares 473,181 no-par value shares
10.	EERSTE NIEDERING FONDS B.V., Amsterdam, Nizozemska	SIVENT, družba tveganega kapitala, d.d.	ordinary registered no-par value shares 341,420 no-par value shares
11.	PULSAR HOLDING, ustanavljanje, financiranje in upravljanje družb, d.o.o., Ljubljana	KRONA HOLDING, finančna družba, d.d., Ljubljana	ordinary registered no-par value shares 533,620 no-par value shares

No.	Acquirer	Target company	Securities targeted in bid
12.	STOL industrija pohištva, d.d., Kamnik	KLI LOGATEC družba za lesno in strojno proizvodnjo, trgovino in inženiring, d.d. – in liquidation, Logatec	ordinary registered no-par value shares 1,292,689 no-par value shares
13.	ZAVAROVALNICA TRIGLAV, d.d., Ljubljana	TRIGLAV NALOŽBE, finančna družba, d.d., Ljubljana	ordinary registered no-par value shares 3,398,756 no-par value shares
14.	SANA INVESTICIJE, družba za upravljanje s podjetji, d.d., Ljubljana	TOSAMA Tovarna sanitetnega materiala, d.d., Domžale	ordinary registered no-par value shares 92,241 no-par value shares
15.	SIRINGA trgovsko podjetje, d.o.o., Ljubljana, GLEN trgovsko podjetje, d.o.o., Ljubljana, PUBLIKUM TREZOR, d.o.o., Ljubljana	LESNINA trgovina s pohištvom, d.d., Ljubljana	ordinary registered no-par value shares 49,634 no-par value shares
16.	IGEM, inženiring, gradbeništvo, ekologija, marketing, d.o.o., Velenje	SGP-KONGRAD-IGEM DRAVOGRAD, proizvodnja, trgovina in storitve, d.d., Šentjanž pri Dravogradu	ordinary registered no-par value shares 242,434 no-par value shares
17.	DELO PRODAJA družba za razširjanje in prodajo časopisov, d.d., Ljubljana, DZS založništvo in trgovina, d.d., Ljubljana	TERME ČATEŽ, d.d., Brežice	ordinary registered no-par value shares 373,482 no-par value shares
18.	RING INTERNATIONAL HOLDING AG, Dunaj	NIKO, kovinarsko podjetje, d.d., Železniki	ordinary registered no-par value shares 12,343 no-par value shares
19.	TOPRO, finančna in poslovna družba, d.o.o., Sežana, POTEZA NALOŽBE, podjetje za naložbe in financiranje, d.o.o., Ljubljana	JADRAN, trgovsko podjetje, d.d., Sežana	ordinary registered no-par value shares 94,091 no-par value shares
20.	RETAIL CLIENTS	TEKSTIL proizvodno in trgovsko podjetje, d.d., Ljubljana	ordinary registered no-par value shares 4,880 no-par value shares

Source: Agency

1.7 Granting of confirmations of collection of proxies

In 2008, the Agency granted 29 confirmations of the collection of proxies for voting at the general meeting of a plc.

ZPre-1 also applies to those public limited companies whose shares with voting rights are traded on the regulated market and those public limited companies whose shares are not traded on the regulated market, if on the last day of the year preceding the year that is relevant for the purpose of the assessment of the application of this Act the company has at least 250 shareholders or equity capital of at least EUR 4 million. These data are provided in the published latest annual report of the company pursuant to the act regulating companies. The Agency grants the confirmations of collection of proxies for voting at the general meeting to these companies. The ZPre-1 narrowed the scope of confirmations of the collection of proxies to the stated companies. In such cases, the Agency grants adequate confirmations to persons that announce such organised

collection of proxies, while in the case of other public limited companies, such authorisations are no longer granted since the institute of organised collection of proxies is covered by the law regulating companies.

1.8 Approval of the acts of the Ljubljana Stock Exchange and the KDD (Clearing and Depository company)

In 2008, the Agency granted three approvals for the Rules of the Stock Exchange adopted by the Ljubljana stock exchange. In the same period, the Agency granted the approval to the amendment of the Tariff of the Clearing and Depository company, adopted by KDD Centralna klirinško-depotna družba, d.d., Ljubljana (hereinafter: the KDD). The Agency also granted the approval to amendments and supplements to the Pricelist of the Ljubljana Stock Exchange.

In 2008, the Agency granted the authorisation to perform the Multilateral Trading Facility (MTF) services for transferable securities.

1.9 Granting of authorisations to acquire a qualifying holding of a stock exchange

In 2008, the Agency granted two authorisations to acquire a qualifying holding of a stock exchange, one decision on refusing a request for an authorisation to acquire a qualifying holding of a stock exchange and three decisions on a suspension of the procedure.

1.10 Granting of authorisations to brokers and members of management boards

In 2008, the Agency granted 114 authorisations to operate as a broker, five authorisations to hold the office of a member of the management board of a brokerage company and 12 authorisations to hold the office of a member of the management board of a management company. In the same period, the Agency granted a further six decisions on the suspension of the procedure due to the withdrawal of the request to grant authorisation to operate as a broker and one decision on refusal. In addition to that, it granted two decisions on the suspension of the procedure due to the withdrawal of the request to grant authorisation for an authorisation to hold office as a member of the management board of a brokerage company, and one decision on the suspension of the procedure due to withdrawal of the request for an authorisation to hold office as a member of the management board of a management company.

1.11 Granting of authorisations for marketing investment funds, selling investment coupons or shares of investment funds

In 2008, the Agency granted 120 authorisations for marketing investment funds and selling investment coupons or shares of investment funds. In the same period, it also granted six decisions on the suspension of the procedure due to withdrawal of the request to grant authorisation for marketing investment funds and selling investment coupons or shares of investment funds.

2. KEEPING REGISTERS AND PUBLISHING INFORMATION ON THE OPERATIONS OF PUBLIC COMPANIES

2.1 Publication of information on the company's operations

At the end of 2008, there were 101 companies that had the status of public companies that issued securities. A public company must report to the Agency on its financial standing, legal status and operations by submitting and publishing its audited annual report and by submitting regular information about any business events or regulated information that might significantly impact the price of the securities granted by that company. Public companies whose shares were admitted to the stock exchange listing had to submit and publish a semi-annual report in 2008.

2.1.1 Annual and semi-annual reports

In 2008, the Agency received 109 audited annual reports and 109 summarised audited annual reports of public companies for the period from 1 January to 31 December 2007. The number of public company changes during the year (the issuers admit and withdraw securities to and from organised trading), which is why the number of received reports is not necessarily the same as the number of public companies that had the status in question at the end of the year.

In 2008, the Agency also received 23 semi-annual reports and summarised semi-annual reports from public companies for the period from 1 January to 30 June 2008. All 23 public companies whose shares were listed on the Ljubljana Stock Exchange also announced semi-annual interim results.

2.1.2 Notifications of significant holdings

In 2008, the Agency received 461 notifications on reaching, exceeding and terminated exceeding of 5-, 10-, 15-, 20-, 25-percent, 1/3, 50- and 75-percent shares of voting rights and notifications on every acquisition or disposal of a share of voting rights by a member of the company's management or supervisory body.

2.1.3 Notification of regulated information

In 2008, public companies made 1904 announcements (either to the Agency or to the public) of regulated information.

2.1.4 Annual documents

In terms of contents, the annual document is a type of regulated information. It must be made and published by the issuers whose securities have already been admitted to trading on a regulated market at least once a year and must contain or refer to all the information published in accordance with the provisions regulating the area of securities in the last 12 months prior to its publication. The purpose of the annual document is to annually supplement the information in the prospectus with the aim of ensuring transparency of information on the operations of the issuer of securities.

In 2008, the Agency received 81 annual documents.

2.2 Registers

Pursuant to the provisions of the ZTFI, the Agency keeps a register of authorisations to perform investment services and deals, and a register of tied agents. These two registers are publicly available. Furthermore, the Agency also keeps a register of qualified investors. Its access is limited.

2.2.1 Register of qualified investors

The ZTFI stipulates that the Agency shall keep a Register of Qualified Investors in the Republic of Slovenia. The Register of Qualified Investors includes the name, permanent residence and tax number and company name, registered office and registration number, in the case of legal entities. Furthermore, the date of entry and potential deletion is entered in the register for each qualified investor. Upon their own request, the operators are also entered pursuant to Items 5 and 6 of Article 44 of the ZTFI that do not have the position of a qualified investor under the law and that meet the legal conditions for such a position. The request for the entry in the register of qualified investors and for the deletion from this register shall be decided on by the Agency in the form of an official decision. Data on persons entered in the register shall only be accessible to the issuers.

The Agency also keeps the Register of Qualified Investors in the Republic of Slovenia on the basis of Article 7a of the ZISDU-1, i.e. in accordance with the provisions of the ZTFI.

2.2.2 Register of tied agents

According to the ZTFI, a brokerage company may authorise a tied agent to perform the activities stipulated by the first paragraph of Article 238 of the ZTFI on its behalf.

A tied agent shall be entered in the Register of Tied Agents kept by the Agency if he/she has good reputation and adequate general, professional and business knowledge needed for appropriate intermediation of all information regarding the services offered to his/her clients or potential clients.

In 2008, the Agency received 46 requests for entry in the register of tied agents. In this period, 31 tied agents were entered in the register. In addition to that, the Agency granted 12 decisions on the suspension of the procedure due to withdrawal of the request for entry in the register of tied agents and one decision on refusal.

2.2.3 Registers of issued approvals of prospectuses

Based on the previous provisions, the Agency was obliged to keep a register of public companies, a register of issued approvals of prospectuses for the public offering of securities and prospectuses for the admission of securities to trading on a regulated market, a register of prospectuses for the admission of securities to trading on a regulated market and the offer of securities to the public and a register of granted authorisations for takeover bids. The ZTFI no longer stipulates this obligation but the Agency still regularly updates said registers and publishes them on its website, for the purpose of informing the public.

3. SUPERVISION AND SUPERVISORY MEASURES

Pursuant to the ZTFI, the ZISDU-1, the ZPre-1, the ZNVP, the ZPIZ-1, the ZPNPID and the ZPPDFT, the Agency supervised the following operators and performed the following activities in 2008:

- supervised the operators to whom the Agency granted the authorisation to perform the activity or the operators from the European Union Member States who provide investment services on the territory of the Republic of Slovenia, either directly or through a subsidiary,
- supervised the operators from the European Union Member States who provide investment services on the territory of the Republic of Slovenia through a subsidiary on the basis of the authorisation of the supervisory authority of the home Member State,
- expanded its supervision to persons related to the licensed supervised operator, if this was necessary to conduct supervision of the licensed operator's operations,
- monitored and verified reports and information from members of the management board and from persons employed by the supervised operator,
- supervised other persons providing investment services and transactions contrary to the prohibition referred to under the fourth paragraph of Article 32 of the ZTFI,
- supervised the introduction of foreign securities and investment funds in the Republic of Slovenia and provision of investment services on foreign markets,
- supervised mutual pension funds and their operators,
- supervised the providers of custody services.

Supervision is carried out by:

- monitoring, collecting and verifying the reports and notifications of supervised operators and other persons obliged to report to the Agency or to inform it of individual facts and circumstances (supervision of reporting),
- inspecting the operations of the supervised operators (either on site or by verifying documentation on the premises of the Agency),
- imposing supervisory measures in the process of verifying reports and inspecting operations.

If necessary, the Agency co-operates with other institutions when performing supervision, specifically:

- with the Bank of Slovenia and the Insurance Supervision Agency pursuant to the Rules on Cooperation between Regulatory Authorities,
- with the Tax Administration of the Republic of Slovenia and the Police pursuant to the existing agreements on co-operation,
- in relation to the violations identified by the Ljubljana Stock Exchange or the KDD during the inspections within their scope of competence,
- with other authorities competent for the supervision of financial organisations (e.g. the Tax Administration of the Republic of Slovenia, the Office of the Republic of Slovenia for the Prevention of Money Laundering, Criminal Service, etc.),
- with foreign supervisory authorities from the European Union Member States,
- with other foreign supervisory authorities based on the concluded agreements on co-

operation.

In 2008, the Agency supervised all operators to whom it granted authorisations to perform activities. In all cases, it verified the received reports sent by supervised operators and in some cases it inspected the operations as described hereinafter.

Due to an increasing number of supervised persons and greater efficiency of work, the principle of supervision based on risks is becoming ever more important in the supervision process, especially regarding the risks of individual violations in relation to the capital market, which is why amendments and supplements are being made to the internal act on supervision so as to guarantee a better “trriage” of received reports, notifications and complaints sent by clients.

When verifying the reports and notifications to be sent to the Agency on the basis of the laws and implementing regulations, the Agency focuses on the timeliness and accuracy of reports and establishes whether the reports indicate any suspected violations of the applicable provisions or whether the reports and notifications indicate any other data or facts important for the supervision and implementation of tasks that lie within the Agency’s competence.

In 2008, special attention was paid to the radical reorganisation of the system of electronic reporting of individual groups of persons and individual types of reports, which was a result of the ZTFI enforced in 2007, and the implementing regulations granted on its basis.

The Agency performed the following inspections of operations:

- regular inspections,
- systematic inspections of operations,
- extraordinary inspections of operations in the case of investor complaints and complaints by other persons,
- extraordinary inspections of operations in case this is necessary on the basis of the findings and analyses of reports and notifications,
- regular and extraordinary inspections in co-operation with the Bank of Slovenia and the Insurance Supervision Agency.

An inspection of operations is considered regular if it is specified in the annual action plan of the Agency's expert services.

Person to *mutatis mutandis* application of Article 222 of the Banking Act and taking into account Article 301 of the ZTFI, the Agency started verifying and assessing, at least once a year, the organisational structure, strategies, processes and mechanisms set up by the supervised person, an assessment of risks to which the supervised person is or could be exposed in its operations, and the financial position and risk to which the supervised person is or could be exposed as a result of its relationships with other persons in the investment group, taking into account the size and system significance of such person and the characteristics of the scope and complexity of operations performed, specifically in accordance with the proportionality principle.

As a rule, an inspection of operations shall be performed at the registered office of the person of supervision, and at other locations in which the person of supervision or another person, with its authorisation, performs activities and business in connection with which the Agency is conducting the supervision.

In certain cases, the whole or part of inspection can also be performed on the Agency's premises, provided that the Agency has first obtained the copies of the books of account, business documents, and administrative or business evidence to the extent necessary for the conduct of an individual supervision.

Based on examined audit reports on the operations of persons obliged to have their statements audited and over which the Agency performs supervision, the Agency thoroughly studied those segments of operations of the supervised persons for which the auditor granted an opinion with reservation. The persons of supervision were asked to eliminate the causes of the auditor's opinion with reservation.

The Agency conducted inspections of the operations of investment funds, management companies and mutual pension funds, pursuant to the provisions of the ZISDU-1 or the ZPIZ-1, i.e. in the area of compliance of the operations of investment funds, mutual funds, management companies and mutual pension funds with regulations, and also supervised other persons stipulated by the ZISDU-1, primarily in the following areas:

- professional care of the management company and the custodian, consideration of limitations of individual types of investment funds, mutual pension funds and other supervised persons,
- prohibited operations for members of management and supervisory boards of a management company, custodian of the assets of an investment fund and investment funds,
- investment fund risk management,
- keeping books of account and drafting business reports.

The Agency paid special attention to the supervision of persons related to the persons that it is authorised to supervise and, in this framework, checked the compliance with the rules on risk management in brokerage companies and banks in particular.

The Agency also carefully monitored potential dealing in securities without first obtaining the authorisation from the Agency and took the appropriate measures in the case of established violations.

The Agency also performed supervision on the basis of well-founded complaints of investors or other persons and on the basis of received notifications of violations. When required, the Agency forwarded complaints or initiatives to other competent authorities.

As before, the Agency continued its supervision of operations in case it also established irregularities in the operations on the basis of the inspection of regular reports and other information on the operations of brokerage companies, banks, investment funds, management companies and mutual pension funds.

Based on the agreement on co-operation between the Bank of Slovenia and the Agency, the Agency organised joint inspections of operations in 2008 in the scope of which it inspected the operations of bank departments with authorisations to provide securities-related services or persons associated with banks or brokerage companies.

In addition to organising joint inspections of operations, the Agency also co-operated with the Bank of Slovenia and the Insurance Supervision Agency in the framework of data and information exchange on the basis of the above regulation and/or agreements.

The Agency continued with the systematic collection and handling of investors' complaints regarding securities and investment coupons or operations of individual supervised persons, always striving to resolve them as quickly as possible and to issue adequate measures. If a complaint concerns a dispute between the client and an individual supervised person, where the agency is not authorised to judge the dispute, it tried to refer the client to the authority competent to resolve such disputes.

Furthermore, the Agency paid special attention to appropriate informing of individual target groups of investors about the rights and possibilities provided by the laws and implementing regulations.

The Agency emphasised the importance of caution and prudence when investing on foreign markets, especially with regard to the prevention investors being misled and prevention of financial fraud, all resulting from increased risk related to investments on those markets.

An important quality shift in the area of supervision in 2008 was the result of the introduction of the so-called "triage," where client complaints, relevant journalism and other elements that could represent specific indications on the basis of which the Agency would target its supervision activities are being systematically recorded. The results of the triage will only become apparent in 2009 when the Agency, also taking into account this element, will plan its supervision procedures.

Furthermore, the Agency is also in charge of supervising and ensuring compliance with the provisions of the Prevention of Money Laundering and Terrorist Financing Act on the market of financial instruments. Therefore, in March 2008, it granted the Guidelines for the Prevention of Money Laundering and Financing of Terrorism, which contain recommendations and instructions for the persons it supervises on how to make assessments and analyses of risk and determine client risk criteria, and procedures that facilitate identification of suspicious transactions in this area.

The largest number of supervisions (22) carried out by the Agency in 2008 was related to potential violations of the ZPre-1 as a result of inadmissible concerted actions of persons obliged to issue a takeover bid under the provisions of the ZPre-1. We must emphasise the complexity and length of such supervision procedures, since in most cases persons (companies) were involved that are not the person of the Agency's licensing and often also companies with registered offices in another country. In particular, such procedures are complex and lengthy in case they involve acquisition of data on the actual ownership of companies from countries that are not members of the EU or jurisdictions with a different regulation of the public nature of share registers or companies (or other) public registers.

Furthermore, we should underline nine supervisions of non-licensed persons/providers of financial services. These are also complex supervision procedures, since the organisational structures of non-licensed providers of financial services are often “fluid” and establish contacts with investors via electronic media (e.g. e-mail, the internet) while their actual registered office is unknown since they operate as fictitious companies.

In 2008, the new Decision on Staff, Technical and Organisational Conditions entered into force and the deadline for the alignment of operations of management companies with the provisions of the new decision expired; the Agency carried out focused inspections of operations of selected management companies.

In the scope of supervising the reporting, the emphasis in 2008 was on the supervision of regular electronic financial and general reporting. In view of the new information system, inspection was focused on data alignment, data integrity and certain logical controls, which will be followed by in-depth substantial control of the said data in 2009. Due to the introduction of the new reporting system, the work was also intensified in the area of providing assistance to persons obliged to report (solving problems, answering questions, etc.).

A considerable amount of work related to supervision was the result of active mutual co-operation of supervisory bodies (the Police, the Competition Protection Office, the Insurance Supervision Agency and the Bank of Slovenia) and intensive co-operation with foreign supervisory bodies (especially in the area of supervising potential violations of the takeover legislation) such as for example the Croatian HANFA, the Austrian FMA, the American SEC and others (Cyprus, Luxemburg, Switzerland). We should also mention that the Agency has prepared two training programmes in the area of derivatives for the employees of the Tax Administration of the Republic of Slovenia.

As regards the global financial crisis and (indirectly) the influence on domestic capital market, the Agency intensively monitored the events abroad and the related reactions on the domestic market. Thus, the Agency made the assessment of possible impact of the investments of domestic persons in the bankrupt bank Lehman Brothers.

Table 14 shows the supervision procedures initiated by the Agency in 2008:

Table 14: Supervision procedures initiated in the period from 1 January 2008 to 31 December 2008

Person of supervision	Type of supervision			TOTAL
	Reporting	Inspection of operations	Client complaint	
	1	2	3	4=1+2+3
brokerage companies	1*	3	1	4 + 1*
banks	0	2	0	2
management companies	2	5	0	7
mutual pension funds	1	2	0	3
stock exchange and clearing and depository company	0	3	0	3
members of management boards	0	1	0	1
takeovers	0	22	0	22
public companies	3	3	0	6
non-licensed persons	0	9	0	9
tied agent	0	1	0	1
TOTAL	6 + 1*	51	1	58 + 1*

Source: Agency

* several brokerage companies were the person of supervision

There were 59 supervision procedures initiated in 2008, of which seven were supervisions of reporting by the person, 51 were inspections of a person's operations, and one was based on a complaint by a client. It must be pointed out that the supervision procedure marked with an asterisk in Table 14 was a supervision of several persons of the same type that were kept under the same serial number so that the actual number of conducted inspections of operations, i.e. supervisions, was accordingly larger. This supervision comprised the review of audited annual statements for 2007 of all brokerage companies and auditor's reports for all brokerage companies for 2007.

Table 15: Initiated supervision procedures in 2008, compared to 2007

Person of supervision	Type of supervision				Total	
	reporting		inspection of operations		2008	2007
	2008	2007	2008	2007		
public companies	3	1	3	1	6	2
brokerage companies	1*	2	4	7	4+1*	9
banks for securities dealing	0	1	2	5	2	6
management companies operating investment funds	2	8	5	5	7	13
mutual pension funds	1	5	2	0	3	5
takeovers	0	0	22	4	22	4
pension companies	0	0	0	0	0	0
trading in securities of individual issuers	0	0	0	1	0	1
other persons	0	1	6	9	6	10

non-licensed persons	0	0	8	3	8	3
Total	6+1*	18	51	35	58+1*	53

Source: Agency

Note:

*a specific supervision procedure included supervision of all brokerage companies which are only presented in the table as an aggregate.

The increase in the number of supervisions can be noticed particularly in relation to the ZPre-1, since the focus in 2008 was on the supervision under the ZPre-1 with almost one half of all supervisions (22) in this area, which is considerably more than in 2007. A smaller number of supervisions over other persons (e.g. brokerage companies and management companies) compared to 2007 is partly due to the improved discipline of participants in capital market, the increased scope of the Agency's work in other areas (the ZPre-1 in particular) and, last but not least, the insufficient staffing potential of the Agency.

In 2008, the Agency received the most complaints from clients over the telephone, in addition to 34 different written complaints. The majority of complaints were addressed to the Agency by small investors. The Agency dealt with all received complaints and replied in writing in each case. Client complaints are thoroughly examined. If they give rise to a suspected violation of provisions to be supervised by the Agency, an appropriate supervision procedure is introduced. Client complaints are also considered in the planning of regular supervision inspections.

To provide as much information and instructions to the investors as possible, the Agency published five warnings on its website in 2008 (two of them related to FX trading – forex). Furthermore, it published 180 warnings on its website, received from foreign supervisory authorities in relation to companies that provide unauthorised services on the capital markets in the European Union and on foreign markets. As of 31 December 2008, there were a total of 1,011 warnings of foreign supervisors published on the Agency's website, including those from previous years.

In 2008, 20 orders to eliminate violations were granted on the basis of supervision procedure, as shown in Table 16. Of those, 16 were granted on the basis of supervisions initiated in 2008 while four were drafted on the basis of supervision procedures initiated in 2007.

Table 16: Granted orders to eliminate violations in the period from 1 January 2008 to 31 December 2008

Person of supervision	Type of supervision			TOTAL
	Reporting	Inspection of operations	Client complaint	
	1	2	3	4=1+2+3
banks	1	0	0	1
management companies	2	5	0	7
mutual pension funds	2	1	0	3
takeovers	1	0	0	1
public companies	2	2	0	4
non-licensed persons	0	4	0	4

TOTAL	8	12	0	20
--------------	----------	-----------	----------	-----------

Source: Agency

In 2008, the Agency granted, *ex officio*, three decisions as a result of inadmissible concerted actions of persons obliged to issue a takeover bid under the provisions of the ZPre-1, in which it found that the acquirer reached the takeover threshold and was prohibited from exercising its voting rights in the target company (the third paragraph of Article 64 of the ZPre-1) and one decision on the suspension of such a procedure. In the same period, the Agency also granted a decision by way of which it refused the request for the granting of a decision pursuant to the third paragraph of Article 64 of the ZPre-1.

The minor offences procedures treated by the Agency as a minor offences authority and the measures adopted on this basis are described in detail in Section 5.5.

4. THE WORK OF THE AGENCY IN THE AREA OF LEGISLATION

4.1 Co-operation in the amendment of acts and the granting of implementing regulations in the area of capital markets (investment companies, public companies, stock exchanges, clearing and depository company, takeovers)

In 2008, the Agency amended or supplemented the enforced implementing regulations granted on the basis of the ZTFI as a result of harmonisation with the European regulations by granting three implementing regulations, namely:

- Decision Amending the Decision Regulating Submission of and Access to Regulated Information,
- Decision amending the Decision regulating the information about significant holdings,
- Decision amending the Decision regulating the conditions for providing investment and other services of brokerage companies.

In 2008, the new Decision on Detailed rules of Measures for Treating Persons as Qualified Investors and of detailed rules for maintaining the register of qualified investors, accessing to data and editing certificates of persons, listed in this register was published which replaced the previous decision.

Pursuant to the ZTFI, in the first half of 2008, the Agency granted the new Tariff on fees and compensations (hereinafter: the Tariff).

The Agency granted another implementing regulation in 2008 based on the amended ZTFI-A which introduced a new provision of Article 520.a on submitting data to the Agency, namely the Regulations Concerning the Demand for Submitting Data to Securities Market Agency.

In the legislative area, the Agency intensively co-operated in the preparation of amendments and supplements to the ZTFI with the aim of eliminating the deficiencies of certain provisions of the said Act and better regulating the legal framework of the Agency's work. The amendments to this Act were enacted on 27 June 2008 with the adoption of the Act Amending the Market in Financial Instruments Act (the ZTFI-A) by the National Assembly of the Republic of Slovenia.

In the second half of 2008, the Ministry of Finance again prepared a proposal of amendments and supplements to the ZTFI and asked the Agency to submit comments and proposals in relation to the draft text of the amendment ZTFI-B. This time, amendments were necessary due to harmonisation and transposition of Directive 2007/44/EC as regards procedural rules and evaluation criteria for the prudential assessment of acquisitions and the increase of holdings in the financial sector into the national legislation. By the end of 2008, the Agency had addressed its comments, concerns and proposals to the competent ministry several times.

Furthermore, the Agency also submitted its comments and concerns to the proposed amendments and supplements to the Takeovers Act (amendment ZPre-1B) in 2008, which considerably expanded the scope of persons to which the provisions of this Act apply.

4.2 Co-operation in the amendment of act and granting of implementing regulations in the area of investment funds and mutual pension funds

In 2008, the Agency sent to the Ministry of Finance the initiative to amend Article 127 of the ZISDU-1, which was fully integrated in the Act Amending the Investment Funds and Management Companies Act (ZISDU-1C). This amendment stipulates that the persons who obtained the authorisation of the Agency for holding the function of a member of a management board in a management or brokerage company and persons who successfully passed the professional examination needed for performing the function of a member of a management board in a management company and persons who successfully passed the professional examination needed to operate as a broker (namely at least for providing the services of executing client orders and investment advice), obtained the authorisation stipulated by the first paragraph of Article 225.b of the ZISDU-1, i.e. the authorisation for marketing investment funds and selling investment coupons or shares of investment funds. Furthermore, according to the ZISDU-1C, the persons who obtained the certificate of passed professional examination needed for marketing investment funds and selling investment coupons or shares of investment funds prior to the enactment of the ZISDU-1B on 25 October 2007 are deemed to have obtained the authorisation stipulated by the first paragraph of Article 225.b of the ZISDU-1. The amendment considerably simplifies the Agency's administrative procedures and ensures equal treatment of persons who already performed the activity of marketing investment fund units before the enforcement of the Act.

Based on the ZISDU-1 (and particularly its amendment ZISDU-1B), the Agency granted 23 implementing regulations in 2008, by means of which it either regulated anew certain areas or amended or supplemented the enacted implementing regulations:

- Decision on types and form for the annual statements of accounts, the contents of the annex and the analytical chart of accounts of a management company,
- Decision on detailed contents of rules for distribution or retention of net profit or revenues of mutual funds,
- Decision amending the Decision on investments by investment funds,
- Decision on the detailed conditions for recognition of the index and for exclusion of underlying assets of the index from calculation of the investment fund's investment limits,

- Decision on the programme and method of performing the examination of knowledge in the marketing of investment funds and the sale of the units or shares of investment funds,
- Decision on the communication to the Securities Market Agency on the transfer of provision of individual services of operating investment funds,
- Decision on the contents of the information included in the prospectus or simplified prospectus for the change of which the authorisation of the Securities Market Agency shall not be acquired,
- Decision on the contents of the communication to the holders of investment coupons and the availability of the documentation on the transformation of mutual funds,
- Decision on the documentation that must be enclosed in the application for an authorisation for the merger or division of an investment firm,
- Decision on the method of exchange of investment coupons of the merging mutual fund for investment coupons of the receiving mutual fund,
- Decision on the documentation for acquisition of the authorisation for the creation of an umbrella fund from existent mutual funds and the contents of published communication on the acquisition of the authorisation for the creation of an umbrella fund from existent mutual funds,
- Decision on the detailed contents of the management rules of a mutual fund,
- Decision on the detailed contents of the prospectus and simplified prospectus of a mutual fund, of the prospectus of an umbrella fund and of the simplified prospectus of a sub-fund of an umbrella fund,
- Decision on the auditing of the annual report of a management company,
- Decision on the detailed contents and the method of the records of the holders of investment coupons,
- Decision on the documentation based on which it is possible to determine whether the holders of investment coupons or investment fund shares will enjoy an adequate level of protection,
- Decision on the documentation for demonstrating fulfilment of the conditions for performing the function of a member of the management board of a management company,
- Decision on the holders of qualifying holdings of management companies,
- Decision on the diligence of members of the management and supervisory boards of a management company,
- Decision on reporting to the Securities Market Agency on the operations of investment funds and the management of the financial assets of qualified investors, and on the publication of figures and information on an investment fund,
- Decision amending the Decision on the detailed contents of the communication for mutual fund investment coupon holders on the initiation of the liquidation of the mutual fund, and on the detailed contents of the published communication on the initiation of the liquidation of the mutual fund,
- Decision on the detailed contents and method of drawing up a list of connected persons,
- Decision on the annual and semi-annual report of an investment fund.

The majority of the new regulations granted in 2008 is related to the introduction of the possibility of setting up a new form of a mutual fund of the so-called umbrella fund, which consists of at least two sub-funds. The main advantages introduced by the umbrella funds are simplification and a reduction of the scope of documents concerning mutual fund (the

scope of documents is reduced by as much as ten times). Merger and simplification of documents will result in reduced costs of operations of management companies, improved transparency of products for investors and less expensive and quicker resolution of applications for the establishment of new rules and amended management rules of the existing companies.

In addition to the most important set of umbrella funds, the provisions also regulate a whole series of other areas. First, we should point out the area of staff, technical and organisational conditions for the operation of management companies, where the new regulations of the Agency detail the principles of establishment and operation of internal controls and the area of organisation of operations and HR management, with the aim of providing integral operational risk management. The new provisions further regulate the process of transformation of a mutual fund, which will enable the mutual fund to transfer its assets to another existing or a newly-founded fund. In terms of legal certainty, a detailed definition of permitted investments of investment funds and a detailed definition of conditions for the recognition of indices, the composition of which can be mimicked by the investment funds, is very important. As of now, the provisions allow the management companies to offer investors electronic access and subscription to the rules of mutual fund management by using qualified digital certificates, etc.

Whenever possible, the Agency formulates the legislative solutions following the principle of simplification and consequently cost-cutting of the operations of management companies, while taking care for adequate safety and informing of investors. The introduction of these amendments was a major development step towards the establishment of a system framework for the operation of investment funds, which is now undoubtedly one of the most competitive in the EU and provides good operating conditions for the domestic industry of investment fund management in this highly competitive branch. The solutions introduced by the decisions will considerably simplify and accelerate the procedures for which the Agency is competent, thus increasing its efficiency.

The ZPIZ-1 has been person to several amendments and supplements in recent years, similarly as with other laws that impact the operations of the providers of voluntary pension insurance (mutual pension funds). In 2008, some further deficiencies were identified in the existing legal regulation of the operations of mutual pension funds as a result of deteriorated situation on financial markets.

Accordingly, the Agency addressed to the Ministry of Labour, Family and Social Affairs an initiative for amendments and supplements to the ZPIZ-1. It believes that amendments are necessary in the part relating to the supervision over the operations of the Compulsory Supplementary Pension Insurance Fund and that it is necessary to regulate the procedure of amending the rules of a mutual pension fund, to eliminate the inconsistency of provisions regulating the calculation of the net asset value and the guaranteed value of the fund's assets as well as the related requirement for the establishment of provisions debited to the operator's equity, and to regulate the area of investments placed by mutual pension funds.

At the same time, the Agency started revising the existing implementing regulations covering the operations of mutual pension funds. The result was the draft version of the Decision specifying the calculation of returns, net asset value, net asset value unit, and the

method of fixing the conversion date, which partially resolves the problem of inconsistent provisions in the area of calculation of net asset value and guaranteed value of a fund's assets. With this amended Decision, the calculation of the value of a mutual pension fund unit will be aligned with the calculation applicable to investment funds established on the basis of the ZISDU-1.

In the same period, a further two decisions were analysed, namely the Decision on Financial Statements of Mutual Pension Funds and the Decision Specifying the Method of Evaluating the Bookkeeping Items of the Mutual Pension Fund. The analysis revealed that both decisions need to be amended, particularly because of the new Slovenian Accounting Standards; at the same time, some specifics of the valuation of the assets of mutual pension funds need to be regulated.

5. LEGAL AND OTHER PROCEEDINGS

5.1 Proceedings before the Supreme Court of the Republic of Slovenia

As at 1 January 2008, there were two ongoing judicial protection proceedings before the Supreme Court of the Republic of Slovenia (hereinafter: the Supreme Court) against the Agency's decisions.

The following actions were initiated in 2008: one judicial protection proceeding against the Agency's decision establishing the successfulness of the takeover procedure, one proceeding against a decision on the granting of an authorisation for a takeover bid, one proceeding against a decision on the refusal of a proposal to declare null and void the decisions on an granted authorisation for a takeover bid and the outcome of the takeover bid, one proceeding against a decision on the refusal of the entry of a company in the register of tied agents, three proceedings against decisions on the establishment of an exceeded takeover threshold and a prohibition of exercising the voting rights, and one proceeding against a decision on the rejection of the request for the establishment of non-existence of the obligation to submit a takeover bid.

In 2008, two judicial protection proceedings were suspended with the decision of the Supreme Court as a result of withdrawal of the action. In the same period, the Supreme Court refused two proposals of plaintiffs for the granting of a temporary suspension of the order in the judicial protection proceeding and partially granted one proposal. One decision of the Agency was cancelled and the matter returned to repeated proceedings by means of a decision and decision as a result of inadequate composition of the panel of judges. On 31 December 2008, there were seven judicial protection proceedings tried by the Supreme Court as a result of complaints against the Agency's decisions and decisions.

5.2 Proceedings before the Administrative Court of the Republic of Slovenia in connection with applicant's requests for access to public information

In 2008, an administrative dispute before the Administrative Court of the Republic of Slovenia in connection with Agency's decision refusing the applicants' request for access to public information pursuant to the Access to Public Information Act was resolved. In this case, the Agency refused, by means of a decision granted in 2003, the applicant's request for access to public information, filed in 2003. The applicant lodged an appeal against this decision. The Information Commissioner decided in favour of the appeal in 2003, granting

a decision setting aside the Agency's decision and deciding that the Agency had to deliver the requested information to the applicant. The Agency lodged a lawsuit with the Administrative Court of the Republic of Slovenia in 2003 to set aside this decision. The said court granted a decision in March 2005, by means of which it granted the Agency's lawsuit and set aside the abovementioned decision of the Information Commissioner, returning the matter for repeated proceeding. In the repeated proceedings, the Information Commissioner granted a decision in June 2005 setting aside the Agency decision that was challenged, and returning the case to the Agency for repeated proceedings. The Agency initiated an administrative dispute before the Administrative Court of the Republic of Slovenia against this decision in July 2005. The Administrative Court of the Republic of Slovenia granted a decision in December 2008 by means of which it rejected the Agency's lawsuit. The proceeding was repeated in 2008 but the Agency has not yet decided on the matter concerned.

In 2008, the second proceeding in connection with applicant's requests for access to public information was also resolved. The Agency refused, by means of a decision granted in 2005, the applicant's request for access to public information, filed in 2005. The applicant lodged an appeal against this decision. The Information Commissioner decided in favour of the appeal in 2005, granting a decision setting aside the Agency's decision and deciding that the Agency must deliver the requested documents to the applicant; the decision also stated which parts of the documents that had to be deleted. The Agency complied with the said decision, but nevertheless initiated an administrative dispute by filing a lawsuit for the elimination of the said decision with the Administrative Court of the Republic of Slovenia in 2005. In 2008, the Administrative Court of the Republic of Slovenia refused the Agency's lawsuit since it believed that the Agency had no legal interest in the lawsuit, as it complied with the said decision and delivered the documents.

5.3 Proceedings before district or higher courts – civil proceedings

In 2008, the Agency received the decision of the Higher Court of Ljubljana from a law firm in a civil proceeding of 1,136 plaintiffs, investors in mutual funds operated by a management company, against the Agency as the second defendant, in which the District Court of Ljubljana refused the plaintiffs' claim. On 19 December 2007, the Higher Court of Ljubljana granted a decision that the appeal be refused and the decision of the court of first instance be confirmed. In February 2008, a revision was filed against a decision of the Higher Court of Ljubljana, which was served to the Agency on 16 September 2008. The Agency replied to the revision. The Supreme Court of the Republic of Slovenia has not yet ruled on the revision.

Considering the fact that the Agency received no potential other lawsuits in which it would be involved as defendant nor a decision of the District Court in Ljubljana in the second civil proceeding in connection with the lawsuit filed by a group of investors in mutual funds of one of the management companies, which was pending, the status of proceedings before district courts was unchanged at the end of 2008. Two civil proceedings were underway in which the Agency participated as the defendant.

In the second half of 2008, the Agency as plaintiff filed a lawsuit with the District Court of Koper and initiated a civil proceeding in which it challenged the resolutions adopted by the general meeting of a company.

Thus, there were three ongoing civil proceedings as at 31 December 2008; in two of them, the Agency was a defendant and in one a plaintiff.

5.4 Proceedings before local and higher courts regarding minor offences

In connection with the proposals for the initiation of minor offences proceedings, which the Agency filed in accordance with the previous Minor offences Act, it received four decisions from the local courts in 2008, which suspended the minor offences proceedings due to time-barring.

5.5 Minor offences proceedings treated by the Agency as a minor offences authority

In 2008, the Agency granted 58 decisions as a minor offences authority under the Minor offences Act (ZP-1), specifically:

- 50 decisions for non-disclosure of transactions under Article 39 of the ZPre-1; in one case it imposed a fine due to violation and in other cases it granted warnings, one decision due to non-publication of a decision on the outcome of a takeover bid, and one decision for violation of obligation to submit a takeover bid, in which fines were imposed (in one of these cases, a request for judicial protection was filed against the decision);
- two decisions for violations of Sections 2 and 10 of the ZTFI by imposing fines; in one case, a request for judicial protection was filed against the decision;
- three decisions for violations of management companies under the ZISDU-1 by imposing fines; in one of these cases, the responsible person of a legal entity filed a request for judicial protection.

The Agency suspended five minor offences proceedings introduced due to violation of Article 39 of the ZPre-1 by granting a decision, due to the submission of reasons that exclude prosecution.

Official notes were granted in relation to three violations of the ZPre-1, one violation of the ZISDU-1, one violation of the ZPNPID, and two violations of the ZTVP-1, since the acts in these cases were not minor offences. The Agency also granted an official note in the proceeding initiated on the basis of a granted written proposal of a claimant due to a violation of the ZTVP-1, since the act was not a minor offence.

Furthermore, in 2008 the Agency as a minor offences authority initiated *ex officio* eight proceedings; specifically, two related to violation of the ZPre-1, five proceedings related to violation of the ZISDU-1 and one proceeding related to violation of the ZTFI. These proceedings were not completed by the end of 2008.

In 2008, the competent district courts decided on six requests for judicial protection filed against the Agency's decisions granted in 2006 and three requests for judicial protection filed against the Agency's decisions granted in 2007. The Agency announced one appeal against a decision of a local court. The appeal was then filed by the competent district state prosecutor's office, specifically against the part of the decision referring to the responsible person.

5.6 Notification of a suspected criminal offence prosecutable *ex officio*

In 2008, the Agency lodged a charge with the competent state prosecutor's office in connection with a suspected criminal offence of abuse of inside information.

5.7 Proceeding before the Labour and Social Court of Ljubljana

In July 2006, the Agency received a lawsuit of a worker (occupationally disabled, disability category II) suing the Agency in the Labour and Social Court of Ljubljana for the payment of damages and monthly rent, since the deterioration of her medical condition was supposedly the result of her work in the Agency or specifically the lack of provision of health and safety at work. The Agency replied to the lawsuit and attended the hearings, but the court has not yet ruled in this case.

6. COOPERATION OF THE AGENCY WITH OTHER SUPERVISORY AUTHORITIES AND OTHER INSTITUTIONS

6.1 Cooperation with domestic institutions

In its work, the Agency regularly co-operates within the Bank of Slovenia and the Insurance Supervision Agency. It also co-operated with the Commission for Cooperation between Regulatory Authorities. In 2008, the Agency was the co-ordinator of the Commission pursuant to the Rules on Cooperation between Regulatory Authorities. In line with these Rules, the Agency regularly exchanged data and information with the Bank of Slovenia and the Insurance Supervision Agency. Furthermore, the Agency regularly

informed them about conducted inspections and granted supervision measures against persons supervised by the said institutions.

In the first half of the year, the Agency and the Bank of Slovenia also aligned the new Agreement on Co-operation between the Bank of Slovenia and the Securities Market Agency, which both institutions signed on 9 July 2008. This agreement is the basis for future co-operation.

In 2008, the Agency and the Bank of Slovenia intensively aligned the contents of the matrices for the purpose of integrated electronic reporting of data on the operations of investment funds, which will enable parallel servicing of both institutions with the data on the operations of investment funds for various purposes. In October 2008, the Agreement on Co-operation in the uniform system of reporting data on the operations of investment funds was signed, which determined all substantial and technical details regarding the exchange of data and defined all aspects of mutual relationships between the Bank of Slovenia and the Agency in the establishment and operation of the uniform system of reporting data on the operations of investment funds. The new reporting system is based on a state-of-the-art information platform that will provide all conditions for efficient performance of tasks of both institutions in the sense of improving the quality of collected data and increasing the flexibility in the processing of data for various purposes. The new solution will considerably simplify the existing system of data reporting and thereby lift some burden from management companies and enable the Agency to perform quality processing of data and, consequently, better control.

In the scope of its competence, the Agency cooperated with the relevant ministries, in particular the Ministry of Finance, the Ministry of the Economy, the Ministry of Labour, Family and Social Affairs, the Office for Protection of Competition, the Office of the Republic of Slovenia for the Prevention of Money Laundering, the Slovenian Institute of Auditors, the Association of Securities Exchange Members (EIG), the Association of Management Companies and other institutions.

In the scope of co-operation or regular exchange of data with domestic supervision authorities and ministries, the Agency regularly sent them certain aggregated data and statistics, e.g. on the operations of investment funds and mutual pension funds. The Agency thus prepared monthly or quarterly data for the Ministry of Finance, the Ministry of the Economy, the Ministry of Labour, Family and Social Affairs, the Bank of Slovenia and the Institute of the Republic of Slovenia of Macroeconomic Analysis and Development. Furthermore, the Agency also prepared specific data on the operations of investment funds and mutual pension funds for the needs of foreign supervision authorities and for the press.

6.2 Cooperation with foreign and international institutions

The Agency as a regular member of the CESR – Committee of European Securities Regulators – also regularly monitored and co-operated in the work of the Committee in its permanent and working groups in 2008. The Agency's co-operation was the most intensive and active in the CESR-Pol, Review Panel and the permanent group for asset management. It regularly participated in plenary meetings and monitored the work of some other working groups in the area of individual directives. In the period concerned, these were in particular the amendments to the directive regulating undertakings for collective

investment in transferable securities (UCITS IV), the TREM (Transaction Reporting Exchange Mechanism) based on the implementation of the MiFiD Directive, the grants related to the future organisation and operation of the CESR, preparation of the so-called “mapping exercises” to review the competence of the supervisors in the area of regulation and supervision in daily implementation of the provisions of directives, the grants of rating agencies and others.

The most important event with regard to the Agency’s international co-operation was the preparation and successful implementation of the plenary meeting of the CESR in Ljubljana in May 2008. In the framework of Slovenia’s presidency of the European Union in the first half of 2008, the Agency was in charge of organising a plenary meeting with 70 participants-representatives of the securities market supervision authorities from the EU and the EEA Member States. The participants in the plenary meetings, which are usually organised four times a year, are the presidents or directors of individual national supervisors of securities markets with expert colleagues, most of the CESR members and invited representatives of the European Commission. Twice a year, the meeting is organised at the Committee’s headquarters in Paris and twice in the Member States, usually the ones presiding over the EU. The Agency started with the preparations in September 2007 by aligning the date of the meeting and booking the hotel that hosted the conference. The Agency was in charge of the preparation of the location of the event, suitable reception of participants and the technically perfect implementation of the event, which started with the welcome speech and reception of participants in the evening of 12 May. On the next day, 13 May, the official meeting took place and the event was formally concluded with the meeting or the President of the Committee Dr. Eddy Wymeersch (CBFA) with the representatives of the Slovene industry: brokerage companies and management companies, the Ljubljana Stock Exchange and the KDD.

The Agenda of the plenary meeting, the topics discussed, the programme of the meeting and the decision-making process have been preliminarily aligned in the scope of the preliminary arrangement procedure between the hosts - the Agency and the President and the Secretary of the CESR. Among the most important topics discussed in Ljubljana were the serious problem of rating agencies, the TREM grants in the field of technical and actual implementation of the MiFiD Directive, the action plan of the Committee for 2009, the amendments to the statute and the area of co-operation with the other two third-level committees, according to Lamfalussy (the so-called 3L3 Committees: the CESR, the CEBS and the CEIOPS), including joint training and approval of the Committee’s annual statements of accounts for 2007.

The main area of the Committee’s work is the establishment of supervisory convergence, which practically means the overview of the actual practice or implementation of the provisions of directives in Member States. Regardless of the fact that all EU Member States are bound to ensure correct, timely and complete transposition of the provisions of directives into their national legislations, it is clear that there are differences between them in terms of the actual implementation of their competences. The Agency would therefore like to again emphasise that the work of the CESR is not at the so-called fourth level. This is the last foreseen phase of the Lamfalussy procedure and means the control or supervision in which the Commission verifies the transposition of the provisions of directives into the legislation of the Member States. In the case of established deficiencies or mistakes, the Commission may impose adequate sanctions, which are addressed to individual Member States or (more specifically) to the competent ministries. In the scope of

its reviews, the CESR merely carries out detailed comparisons between the actual implementation of the supervisory competences between the members. Specifically, this means inspection of each individual article of a particular directive, which includes the competences of the supervisors, depending on whether the supervisors implement these competences independently, in co-operation with other competent institutions (e.g. stock exchanges, ministries and others) or if the legislation stipulates or allows for the transfer of competences to other institutions and the imposition of criminal sanctions in the cases of violations of directives. The CESR indicated the differences in the implementation of competences in its report on the inspection of supervisory competences and the imposition of sanctions based on the prospectus directive and MAD.

In the first half of 2008, the Agency performed the same task, the so-called “mapping exercise” on the basis of the ECOFIN’s request (December 2007) by mapping the competences under the MiFiD Directive and later for the transparency directive. Both projects implemented in the framework of the permanent CESR group Review Panel were very comprehensive, since all the articles of the two directives concerning the supervisory competences had to be precisely “translated,” including the explanations and comments regarding the actual implementation of the supervision in practice. The second part of the task comprised mapping of the entire enforcement and sanctioning system, including different supervisory procedures as well as measures and potential criminal sanctions. The basic findings of the MiFiD project indicate that there are differences between Member States in the actual implementation of the same provisions of directives, and that it is not possible to simply to introduce a single supervisory framework in all members. First of all, there are differences in the number of the competent institutions in individual members (from one supervisor to the inclusion of more than two competent institutions, including the Ministry of Finance); secondly, there is at least one competent authority involved in the processes of licensing and supervision of authorised participants in addition to the national supervisor of the securities market in 12 states (in most cases this is the central bank), regarding the process documentation and the management of processes. There are even more differences in the actual implementation of supervision over the authorised participants in the market of securities by Member States, both in supervisory systems and in daily practice and measures. The final report states that there are many differences between the members in the area of sanctioning, since this does not merely reflect the integration of the directive into the national legislation but mirrors the state of different legal systems in the countries (e.g. the existence of criminal sanctions in the case of violation of provisions stipulated by the two directives). There are considerably fewer differences in the area of implementation of the MiFiD directive in terms of licensing and regular supervision of regulated markets and MTF compared to the processes of licensing and supervision of brokerage companies.

In the scope of co-operation in the group of experts for the area of asset management (IMEG), the Agency focused on the person of amending the UCITS Directive (the so-called UCITS IV). We should mention that the Agency pointed out the potential problems related to the introduction of a management company passport (MCP). According to the Agency, the concept of the introduction of the MCP has needlessly become a very complex task and will demand great efforts and resources in the phase of drafting legislation as well as its implementation. The Agency believes that as a result of the introduction of the MCP, the supervision over the management companies will become even more complex, since additional operational risks will have to be taken into account, arising from the activities connected with the management of funds through the MCP.

Unfortunately, the Agency's proposal to apply the MCP only to the so-called cross-border feeder funds was not acceptable for larger Members, as these have different interests and sufficient resources to control the MCP. Since the MCP is only part of the whole UCITS IV package, and by opposing it, the Agency would automatically oppose to the entire UCITS IV proposal and taking into account the fact that certain concerns expressed by the agency were considered to some extent, the Agency decided that it would still be best to support the UCITS IV proposal as a whole, as it brings certain solutions that will be beneficial for the development of domestic industry.

Pursuant to the ECOFIN's decision from December 2007, the CESR (as well as the CEBS and the CEIOPS) drafted an action plan in the first half of 2008 with the aim of enabling the European institutions (Parliament, Council and Commission) to submit their comments and propose potential priorities or recommendations for work. One of the most important topics from this action plan and the ECOFIN's decision is the introduction of voting with a qualified majority into the statutes of supervisor committees ("Qualified Majority Voting" – QMV). The latter was the person of lengthy discussions by the CESR and many opposing opinions, also at the plenary meeting in Ljubljana, and the final decision was adopted at the September plenary meeting. The members of the CESR voted that QMV represented two thirds of the member's votes (the same majority applies to decisions adopted by the CEBS, while the members of the CEIOPS decided for simple majority).

The topics that were intensively discussed by the CESR in the second half of 2008 include the dilemma on the efficiency of restricting or even prohibiting short selling in members (for this purpose, a special group of experts from individual members was formed), the impact of the bankruptcy of Lehman Brothers on investors, the granting of cash investment funds and, in December, also the collapse of Bernard Madoff's scheme. The CESR's internal grants included the questions of the organisation of work and consequently the secretariat of the CESR, including the granting of financing the Committee and the employees. Based on the Committee's previous work and the dynamic changes in the regulation and the markets of the members, the members discussed the particulars of the future organisation of the Committee, particularly the dilemma of how to reach better efficiency of otherwise non-binding recommendations (i.e. the provisions of the third-level according to Lamfalussy). The regular topic of discussion remains the co-operation with the other two 3L3 Committees and the US SEC; at the end of 2008, the Committee started with the preparation of the CESR conference (February 2009) and the candidacy procedure for the election of the president and vice-president of the CESR.

Working and permanent groups were active in the area of daily implementation of the MiFID Directive (MiFID database, checking MiFID validity and MAD for derivatives and the energy market, calculation of market liquidity on the basis of data from the TREM reporting system, improvement of database under MiFiD, drafting of the Q&A document and, at the end of the year, the preparation of consulting documents with the topic of transparency of structured financial products and credit derivatives as well as transparency of the bonds market, and others), prospectus directive and regulation (upgrade of the discussion of specific questions and completion of the existing Q&A document, which are not instructions, recommendations or other binding opinions related to the work of the supervisors), CESR-Tech (expansion of TREM to reporting on derivatives transactions and identification of these alternative instruments – Alternative Instruments Identifier as well as the expansion of the system of exchange and storage of data on transactions involving all financial instruments admitted to trading on the EU and EEA markets), CESR-

Fin (fair value of financial instruments on illiquid markets, equivalence between the IFRS and the national accounting standards (GAAP) of the so-called third countries, i.e. the USA, Canada and Japan as well as South Korea, China and other), CESR-Pol (publication of a short report on the competences and measures, including criminal sanctions in the area of the MAD, preparation of a consulting document for the third set of recommendations for practical implementation of the MAD Directive). In the second half of 2008, all three 3L3 Committees prepared common instructions/recommendations for the procedures of handling requests for the increase of qualifying holding in financial sector institutions (banks, brokerage companies and others) based on the provisions of Directive 2007/44/EC.

In the scope of the permanent group Review Panel, the members of the CESR conducted a comprehensive examination of CESR recommendations and instructions (i.e. the so-called third level documents, the implementation of which is not binding for Member States, but it is desired), compared to the provisions of the new directives. The members of the working group excluded some standards as they became inadequate or irrelevant due to changed provisions.

As in previous periods, the Agency was somewhat less active in the work of other groups, e.g. CESR-Fin and in its framework the sub-group EECS (European Enforcers Coordination Session), the subgroup CESR-Pol in the area of supervision (Surveillance and Intelligence), CESR-Tech, ECONET, Clearing and Settlement, and the group working on the transparency directive.

In relation to the preparation of priorities of the work of the committee in 2009, we should also mention the granting of financing of the so-called common European projects that arise from the implementation of directives and are related to high costs, particularly the technological project TREM, the future system of central storage of regulated information, as well as the common training of the representatives of all three third-level committees. The CESR managed to raise funds for the initial phases of the preparation and launching of the TREM project while additional funds will have to be provided by the European institutions for further upgrades and maintenance.

Furthermore, the Agency was also active in the area of bilateral communication with the other supervisors, specifically the EU Member States and the so-called "third countries," all with the aim of obtaining specific data or information. Some of the major projects include the obtaining of data on the actual holders of shares of certain Slovene public limited companies by legal and natural persons from other countries in the supervision procedures based on the ZPre-1. As regards communication in the framework of the CESR, the paths have already been firmly set, since the Agency addresses its requests either to the CESR-Pol in case it needs information regarding supervision or to the members or secretaries of appropriate working groups (prospectuses, transparency, MiFiD, CESR-Fin) or directly to the secretariat of the Committee, which forwards them to adequate addressees. The Agency co-operates in the informal exchange of information and opinions in relation to those topics to which it can contribute with its own know-how and practical experience.

In addition to two of the most comprehensive inspections of competence under the MiFiD and the transparency, the Agency answered 20 CESR questionnaires, 25 questionnaires or requests for explanation by individual supervisors, members of the CESR and

approximately 25 questions of various persons in 2008, most of which were related to the applicable legislation regulating the securities market in the Republic of Slovenia.

In view of the fact that full membership of the Republic of Slovenia in the OECD (Organisation for Economic Cooperation and Development) again became an issue in 2008, the Agency was asked by the Ministry of Finance and the Ministry of Labour, Family and Social Affairs to co-operate in the provision of explanations of certain positions and to prepare some answers for the needs of the baseline memorandum. For this purpose, it co-operated in the preparation of complex answers to the questionnaire submitted by the financial markets committee, the pension funds committee and the investments committee.

Also in 2008, the Agency received the representatives of other supervision authorities (Macedonia and Moldova) and the representatives of custodian banks from the USA and the UK in the framework of their regular due diligence expert visits to Slovenia.

The representatives of the Agency also participated in the training programme in 2008 (the SEC Institute) and the autumn supervision seminar organised by the US SEC.

In the area of IOSCO, the Agency emphasises the co-operation in the mandate of the working groups within the EMC (Emerging Markets Committee) in the form of answers to the questionnaires covering the topics such as CIS (Collective Investment Schemes), Fit and Proper and others, as well as answers to individual requests for the interpretation of domestic legislation. In September, the representatives of the Agency participated in the training programme organised by the IOSCO in the area of market supervision. At the end of 2008, the Agency supplemented its answers to the questionnaire, which is a precondition to access the IOSCO Multilateral MoU. The Agency expects the answer of the verification group to its new explanations regarding the ZTFI in the first quarter of 2009.

7. THE AGENCY'S ACTIVITIES RELATED TO MITIGATION OF THE IMPACT OF FINANCIAL CRISIS

In the second half of 2008, the Agency was particularly carefully monitoring the operations of mutual funds operated by management companies with registered offices in the Republic of Slovenia. In order to guarantee the normal operation of mutual funds, it adopted certain measures that were focused on the assurance of sufficient liquidity and, thus, the maintenance of financial system stability. Also due to these measures, all mutual funds operated by domestic management companies regularly settled their obligations to investors, either arising from the redemption of investment coupons or from regular payment of profit or revenues. All of this was at a time when the situation on global stock exchanges was the most dramatic.

The Agency also asked the Ministry of Finance to study certain other measures related to amended legislation that could help study the situation in which a certain management company (e.g. due to massive conversion of investment coupons into cash by investors) would be forced to temporarily suspend the redemption of investment coupons.

8. PUBLIC RELATIONS

In 2008, the Public Relations Department was set up in the framework of which communication has been established with the representatives of the media and other publics in accordance with the Rules on the Contents and Method of Managing Public Relations of the Securities Market Agency of 22 July 2008. The Agency maintains proactive relationships with the public, i.e. regularly informs the public of important information from its area of competence and promptly responds to press inquiries and media notices in the field of the ZTFI provisions.

Since the beginning of operation of the Public Relations Department, i.e. in the second half of 2008, the public's attention was focused on some of the more remarkable procedures of the Agency (Istrabenz, Pivovarna Laško), amendments and supplements to the ZTFI, temporary suspension of trading in the shares of Zavarovalnica Triglav d.d., purchase of the Ljubljana Stock Exchange and some takeovers. Due to the provision of the ZTFI according to which all information handled by the Agency is considered confidential, the Agency provided general answers and did not comment its decisions prior to their public disclosure by the supervised persons (i.e. after the publication on the Seonet). In the same period, there was great interest in the Agency's position regarding the foreign exchange operations in relation to which the Agency warned the public to be careful, both in its answers prepared for the press and on its websites. In October, the Agency granted several press releases in which it summarised its measures resulting from the deteriorated situation on the Slovene capital market. In November, the Agency informed the public of the first approvals granted by the Council of the Agency related to the transformation of mutual into umbrella funds, and in December of the granted authorisation to the Ljubljana Stock Exchange for the management of an MTF (Multilateral Trading Facility) for transferable securities. In the same period, the Agency responded to inaccurate information in the media on several occasions.

In November 2008, the project of modernisation of the Agency's website was set up under the management of the Public Relations Department. In the framework of this project, the concept of presenting the contents is being modernised so that it will be adjusted to individual target publics. When designing the proposal for the modernisation, the project group abided by the guideline that the contents must be brought closer to the public and that browsing must be as simple as possible. In the framework of the new websites, the so-called media corner will be set up through which the journalists will be able to access the archive of the press releases granted by the Agency, the CESR and the IOSCO, answers to FAQ, photo gallery, an archive of interviews given by the Director and other topical grants.

9. STAFFING AND OTHER GRANTS, AND INFORMATION TECHNOLOGY

9.1 Staffing and other grants

To ensure the efficient implementation of all areas of work, particularly in respect to amended legislation and increased scope of new tasks, the Agency had to hire new staff in 2008. It hired 15 new employees while the employment of six people was terminated, so that at the end of 2008, the Agency had 45 employees of which three were working half-time (two disabled persons and one employee under the provisions of parental protection). The Agency again worked to improve the qualifications held by its personnel in 2008, both by making on-the-job studies possible and by providing other forms of external and internal training and skills development. As of 31 December 2008, the educational structure of the Agency's employees was as follows: two employees with doctorates, nine Master's of Economics, 12 Bachelor's degrees in law, 15 Bachelor's degrees in economics, one Bachelor's degree in physics, one Bachelor's degree in communication sciences, two Bachelor's degrees in administrative organisation, one Bachelor's degree in organisation-management, one Economics college graduate and one graduate from an advanced level college.

In 2008, the Agency amended and drafted new general (internal) acts due to amended legislation and internal reorganisation. Thus, the Agency replaced all general acts granted in previous years with new acts or adopted additional ones (a total of 23 acts) in the areas of general operation of the Agency, its organisation and labour legislation (salaries and compensation, reimbursement of labour-related costs, training, annual leave, health and safety, etc.), public procurement, accounting, etc. In the scope of updating its general operations, particularly the introduction of the new document system, it also compiled a new classification plan. Furthermore, it took care of job harmonisation and regulation of salaries in accordance with the new legislation which applies to all employees of the Agency as of 1 August 2008 as a result of full implementation of the new wage system for civil servants. It thus adopted all the appropriate general acts and prepared the necessary annexes to or new employment contracts within the specified deadlines.

In addition to labour-law relations, the Agency independently handled other contractual relations and other relations with other entities in connection with its operations, including public procurement procedures (preparation of the relevant documentation at the beginning of the procedure, evaluation and selection of bids, drafting of various contracts and delivery notes, monitoring and evaluation of the implementation of orders, record-keeping and resolving of potential complaints, etc.). Due to increased number of employees, it also started resolving the problem of insufficient premises and provided some additional offices by rearranging its business premises. It also replaced old company cars with new ones.

In line with legislation on occupational health and safety and fire safety, the Agency also attended to the necessary preliminary and periodic medical examinations and training in this area.

The Agency adopted the Report on the work of the Agency in 2007 and the Report on the situation on the market of financial instruments in 2007, which were submitted to the National Assembly of the Republic of Slovenia in due time. The Council adopted the Agency's Annual Account for 2007 and the Agency's Budget for 2008 (including the action

plan of the expert services of the Agency for 2008 by the specified date, i.e. 31 March 2008, which were also approved by the Government of the Republic of Slovenia on 12 June 2008. The Agency compiled various mandatory reports (the report on public procurement orders placed in 2007, the balance sheet of the Agency for 2007, payroll reports, etc.), internal reports on the work of the Agency and financial statements, keeping to the legal deadlines. Owing to changes in the public administration and the introduction of new regulations, the Agency also prepared a variety of data, analyses, responses to questionnaires, etc. in this area.

The Agency has its own accounting department, which performs all accounting functions on the basis of book-keeping, invoicing, control and analysis, managing the books of account and various accounting records; in 2008, it recorded around 23,000 entries in its books of account (data kept on the accounts used for recording changes arising from business events in individual asset parts of the Agency); specifically, on the basis of 867 invoices received from suppliers, 2,031 invoices granted to persons for the payment of the annual supervision fees, and many other documents (e.g. cash receipts and disbursements, internal accounting documents).

As a rule, the Agency independently handles its own debt collection, using reminders, lodging motions for enforcement at local courts, and making use of other means. In the previous years, the Agency filed 36 enforcement motions (two through a lawyer) and registered four claims in compulsory settlement proceedings and one claim in bankruptcy proceedings in total amount of EUR 168,469, while in 2008 the Agency filed no enforcement motions as there was no need for this. The Agency had outstanding receivables of EUR 112,423 as of 31 December 2008 for accrued interest, taxes and fees under the Tariff, lump-sum court fees under the Minor offences Act, refunding of compensation for sickness and disability of its employees and other, of which EUR 21,961 was from the enforcement motions lodged by the Agency, the claims registered in compulsory settlement proceedings and requests for judicial protection lodged against the Agency's decisions setting out an obligatory payment of tax, fee or lump-sum court fee (the costs of minor offences proceedings).

Pursuant to the Occupational Rehabilitation and Employment of Disabled Persons Act, the Agency is exempt from the payment of contributions for pension and disability insurance for each disabled person employed above the prescribed quota of 2%. In line with the Decree Establishing Employment Quota for Disabled Persons, the Republic of Slovenia Fund for Promotion of Employment for Disabled Persons granted a decision to the Agency in October 2008 that the reward for exceeding the quota is paid as of 1 August 2008 for the maximum of 12 consecutive months (while the previous decisions were granted for the periods of up to six months).

In 2004, the Agency claimed a rebate for corporate income tax paid since 1999, with additional default interest, but the Ljubljana Tax Office also decided on the rebate of the tax to the Agency in 2004, while in 2008 it also decided on the remaining claim, specifically that the Agency was not entitled to claim default interest from the day of the payment of tax to the day of its refund.

At the end of February 2008, the external auditor audited the Agency's financial statements for 2007 and granted a positive opinion of the audited financial statements, confirming that the financial statements gave a true and fair disclosure of the Agency's

financial position and income statement. Furthermore, an internal audit was also conducted, comprising the inspection of the functioning of internal controls and certain procedures in individual areas; no irregularities were found.

In 2008, the Agency received three requests for forwarding public information pursuant to the Access to Public Information Act. The Agency granted the requests.

9.2 Information technology

In 2008, the Agency focused on further development of the system of electronic reporting, through which it started receiving the first reports on transactions involving financial instruments in November 2007. As of March 2008, the system enabled the receipt of all legally stipulated reports to be submitted by brokerage companies (standardised, financial and non-standardised, general). In addition to that, the Agency also initiated the projects of expansion of electronic reporting to notified funds and management companies. In the case of notified funds, the system enables the submission of general reports as of November 2008, while management companies were able to submit their first reports on the operations in the last quarter of 2008 in January 2009. The second part of the system for electronic reporting by management companies in accordance with the Agreement on the Co-operation in the Uniform System of Reporting Data on the Operations of Investment Funds made between the Agency and the Bank of Slovenia also guarantees the automatic forwarding of data to the Bank of Slovenia, which will considerably reduce the burden of reporting carried by these companies and will ensure the consistency and harmonisation of acquired data.

In the second quarter of 2008 the CESR initiated the project of *Transaction Reporting Exchange Mechanism* (TREM), through which reports on transactions are exchanged with other EU and EEA Member States. The upgrade enabled the exchange of transactions involving financial instruments that have no ISIN codes (introduction of the Alternative Instruments Identifier (AII)) and definition of the competent authority for each financial instrument (introduction of a static table of reference data on financial instruments). The project was successfully concluded on 1 November 2008 and the successful upgrade of the system was person to a simultaneous upgrade of the system of electronic reporting on transactions for banks and brokerage companies.

In the second half of 2008, the Agency initiated the project of introduction of the system of managing documents, which entered into force at the beginning of 2009. The system enables electronic capturing of data, processing according to pre-defined procedures and storage of all data the Agency either receives in electronic or paper form or produces itself. The system enables better transparency, safety (against loss, destruction or changing) and traceability of work through documentation.

As indicated in Item 8 of Section II of this Report, towards the end of the year, the Agency launched a project for updating its websites, which will presumably be completed in April 2009.

In 2008, the Agency continued modernising the infrastructure of its information system, which started in 2007. It consolidated and increased the server capacities on the visualisation platform and finished the modernisation as well as increased the speed of its

connection to the Internet, and also carried out a project of connection of the central device that guarantees constant power supply.

Furthermore, new user interfaces for viewing the database were introduced in 2008, especially for the purpose of supervision and control of data submitted to the Agency by the persons supervised by the Agency, and the application for managing the records of the IT equipment and registration of requests to the IT Department.