

Explanatory Statements

A. General Part

On automatic exchange of information in relation to residents of Member States and residents of the states being contracting parties to an international agreement

The Act on automatic exchange of financial account information in the field of taxation and on the amendment to certain acts ("Act") constitutes an implementing act to the Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation ("Directive"). The Act represents the legal platform of the automatic exchange of financial account information between the competent authority of the Slovak Republic and the competent authority of a Member State. At the same time, the Act also serves for the exchange of information between the competent authority of the Slovak Republic and the competent authority of the contracting entity to the Convention on Mutual Administrative Assistance in Tax Matters (as amended by the Protocol amending the Convention on Mutual Administrative Assistance in Tax Matters taking effect on 1 June 2011) ("Convention") published in the Collection of Laws by way of Notification of the Ministry of Foreign and European Affairs of the Slovak Republic No. 461/2013 Coll. and where such exchange of information with the competent authority is covered by a separate agreement, such as the Multilateral Competent Authority Agreement acceded by the Ministry of Finance of the Slovak Republic when signed by the Prime Minister of the Slovak Republic and the Minister of Finance on 29 October 2014 in Berlin at the meeting of the Global Forum on Transparency and Exchange of Information for Tax Purposes.

In recent years, the challenge posed by cross-border tax fraud and tax evasion has increased considerably. These issues have grown to such an extent that they have become a major focus of concern within the European Union ("EU") and at the global level. Unreported and untaxed income is considerably reducing tax revenues of individual countries. An increase in the efficiency and effectiveness of tax collection is therefore needed. The automatic exchange of information constitutes an important tool of the fight against tax fraud and tax evasion. The European Commission in its communication of 6 December 2012 containing an Action Plan to strengthen the fight against tax fraud and tax evasion highlighted the need to promote vigorously the automatic exchange of information as the future European and international standard for transparency and exchange of information in tax matters.

The automatic exchange of information as a means to combat cross-border tax fraud and tax evasion has recently been recognised also at the international level at the G20 and G8 Summits. Following the bilateral negotiations between the United States of America ("United States") and several other countries, including all Member States, on automatic exchange agreements to implement the United States' Foreign Account Tax Compliance Act (commonly known as 'FATCA'), the Organisation for Economic Cooperation and Development (OECD) was mandated by the G20 to build on these agreements to develop a single global standard for automatic exchange of tax information.

The European Council on 22 May 2013 requested the extension of automatic information exchange at Union and global levels with a view to combating tax fraud, tax evasion and aggressive tax planning. The European Council also welcomed ongoing efforts made in the G20, G8, and OECD to develop a global standard for automatic exchange of financial account information in tax matters.

In February 2014, the OECD released the main elements of a global standard for automatic exchange of financial account information in tax matters, namely a Model Competent Authority Agreement and a Common Reporting Standard. These were subsequently endorsed by the G20 Finance Ministers and Central Bank Governors. In July 2014, the OECD Council released the full global standard, including its remaining elements, namely the Commentaries on the Model Competent Authority Agreement and Common Reporting Standard and the Information Technology Modalities for implementing the global

standard. The entire global standard package was endorsed by G20 Finance Ministers and Central Bank Governors in September 2014.

The Act No. 442/2012 Coll. on international assistance and cooperation in tax administration ("International Cooperation Act") stipulates a mandatory automatic exchange of information between Member States. The automatic exchange of information applies to certain categories of income and capital that taxpayers hold in Member States other than their State of residence. Given the opportunities to invest abroad in a wide range of financial products the scope of information exchanged based on the International Cooperation Act has become less effective. In order to efficiently combat tax fraud and evasion, it is appropriate to bring forward the extension of the categories of income and capital exchanged and deepen the process of identification of the taxpayers earning such income and capital.

Adopting a joint regulation at the level of EU regulating the automatic exchange of financial account information will prevent the conclusion of parallel and uncoordinated agreement by Member States which could lead to distortions that would be detrimental to the smooth functioning of the internal market.

This Act which transposes the Directive into the national law stipulates a uniform and complex approach valid for the entire EU in the area of automatic exchange of information in internal market, which should lead to an efficient fight against tax evasion. The Act should also serve as a legal basis of automatic exchange between the Slovak Republic and other states which are a contracting party to the Convention, entered into a specific multilateral or bilateral agreement, and each of which is interested in conducting such an exchange. The automatic exchange of financial account information may also take place based on a contract entered into between EU and a third state.

In order to minimise costs and administrative burdens, it is crucial to ensure that the expanded scope of automatic exchange of information within the Union is in line with international developments. To achieve this objective, the Slovak Republic will require its financial institutions to implement reporting and due diligence rules which are fully consistent with those set out in the Common Reporting Standard developed by the OECD.

The categories of Reporting Financial Institutions and Reportable Accounts covered by this Act are designed to limit the opportunities for taxpayers to avoid being reported by shifting assets to Financial Institutions or investing in financial products that are outside the scope of this Act. However, certain Financial Institutions and accounts that present a low risk of being used to evade tax will be excluded from the scope of this reporting obligation and the information exchange obligation.

The financial information which is required to be reported and exchanged concern not only all relevant income (interests, dividends and similar types of income) but also account balances and sale proceeds from Financial Assets, in order to prevent situations where a taxpayer seeks to hide capital with regard to which tax could be evaded. Therefore, the processing of information under this Act is necessary and proportionate for the purpose of enabling Member States' tax administrations to correctly and unequivocally identify the taxpayers concerned, and to prevent tax evasions in cross-border transactions.

The data as per this Act shall be processed 10 years.

If uncertain in imposing obligations upon the Reporting Financial Institutions, the Commentaries on the Model Competent Authority Agreement and Common Reporting Standard, developed by the OECD will be used. These Commentaries will serve as a source of illustration or interpretation and in order to ensure consistency in application across Member States. Union action in this area should continue to take particular account of future developments at OECD level.

Automatic exchange of information relating to FATCA

The draft act also treats implementation of the Agreement between the Slovak Republic and the United States of America ("United States") to Improve International Tax Compliance and to Implement FATCA ("FATCA Agreement") between the Slovak Republic and the United States. The Act creates the legislative conditions for the implementation of the FATCA Agreement which constitutes a response to the legal regulations of the United States, also known as the Foreign Account Tax Compliance Act. This United States' legislation created the basis for further global development in this area. The FATCA Agreement governs the automatic exchange of financial account information for tax purposes and is one of the instruments used to efficiently combat tax fraud at an international level.

The purpose of the Act is to enable the Slovak Republic to meet the international commitments resulting from the FATCA Agreement ratification, which basically means the provision to the United States of the account information relating to the Specified U.S. Person maintained by the Financial Institutions in the Slovak Republic by way of automatic exchange of information. This Act contains, to the maximum possible extent, references to detailed provisions of the FATCA Agreement.

Common, Transitional, and Final Provisions

The Act is not addressed to the general public. It is addressed particularly to the Financial Institutions in the Slovak Republic constituting the expert community.

Unless this Act provides otherwise, the procedure applied shall be the procedure under the International Cooperation Act and the Act No. 563/2009 Coll. on Tax Administration (Tax Procedure Code) and on changes and amendments to certain acts ("Tax Procedure Code") to be also applied to inspections of the performance of the obligations under this Act including the solution of any irregularities and errors in the information communicated.

The proposed Act also covers the issues connected with Act No. 122/2013 Coll. on Personal Data Protection and on a change and amendment to certain acts and concerns the relevant acts in the area of banking, insurance industry, investment funds, etc.

B. National Law

Part I

Article 1:

The Act governs the procedures under sub-sections a) and b) and the related institutes which can be collectively identified as automatic exchange of information. The phrase ‘automatic exchange of information’ under a) (1) through (4) includes obtaining of financial account information, communication of the information to the competent authority of the Slovak Republic and its subsequent communication to the competent authority of a Member State and the competent authority of a Contracting State. It also covers receipt of financial account information relating to tax residents of the Slovak Republic maintained by foreign Financial Institutions by the competent authority of the Slovak Republic from the competent authority of a Member State or from the competent authority of a Contracting State. The Act thus governs mutual automatic exchange of account information. Such exchange and provision of information by the competent authority of the Slovak Republic is only possible if the information is first obtained by the Financial Institutions in the Slovak Republic and then communicated to the competent authority of the Slovak Republic.

The section a) (1) of the Act governs obtaining of financial account information in relation to residents of Member States of the European Union and residents of the states being contracting parties to the Convention. Not all states which are contracting parties to the Convention have committed to take part in the automatic exchange of financial account information. The purpose of the inclusion of all Contracting States to the Convention is to ensure that a financial institution have at disposal all data of the individuals who have accounts maintained by the Reporting Financial Institutions in case that another Contracting State to the Convention decides to join the Multilateral Competent Authority Agreement on the automatic exchange of financial account information ("MCAA") or concludes other similar agreement. Such a regulation will be helpful for the Financial Institution in decreasing the load since it is easier to collect all the required data at the time of account opening than after it is opened. The phrase ‘resident’ of contracting party to an international agreement (Agreement) differs from the phrase resident of Contracting State (Convention and also MCAA), and the contracting party is defined in the draft under Art. 2 (b) and covers a narrower circle of residents of participating states compared to the residents of the contracting party to the international agreement.

The section a) (2) of the Act governs communication of the information to the competent authority of the Member State and the competent authority of the Contracting State. Such communication will not include information about all residents obtained as per (1). The exchange will only include the information about the residents of Member States and the residents of Contracting States meaning the residents coming from the states participating in the Convention and MCAA or other similar international bilateral agreement.

Information obtained from the Reporting Financial Institution is send by the competent authority of the Slovak Republic in line with Section a) (2) to the competent authority of the Member State or the Contracting State. The information sent consists of the data of tax residents of Member States and Contracting States which are financial Account Holders in Financial Institutions in the Slovak Republic which are subject to reporting. As per section a) (3), the competent authority of the Slovak Republic is authorised to accept information received by the foreign competent authority from the foreign Financial Institutions with regard to the Slovak tax residents who are holders of financial accounts in foreign financial institutions.

Under section b), the Act governs the Slovak Republic’s compliance with the international undertakings resulting from the ratification of the FATCA Agreement and compliance with the relevant obligations in relation to the automatic exchange of financial account information with the United States. The exchange of information is conditional upon obtaining the information under the international agreement between the Slovak Financial Institutions, its subsequent reporting to the

competent authority of the Slovak Republic and reciprocal exchange of such information between the competent authorities.

The provision defines the FATCA Agreement used thereafter. It lays down the issues addressed by the Act in connection with the agreement between the Slovak Republic and the United States to Improve International Tax Compliance and to Implement FATCA including its annexes which form, as per Article 9 of the FATCA Agreement, an integral part of the international agreement, governing:

The section b) (1) governs the obligations of the Reporting Slovak Financial Institutions in relation to acquisition of the financial account information communicated to the United States and communicating the same to the competent authority of the Slovak Republic, being the competent authority of the Slovak Republic.

The definition of 'financial account' follows the definition of financial account in the FATCA Agreement (Article 1 (1) (s) of the FATCA Agreement). The notion of 'tax resident' is defined in the Convention between the Government of the United States of America and the Government of the Slovak Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital (published in the Collection of Laws of the Slovak Republic under the Ref. 74/1994) in the Article 1 thereof in conjunction with Article 4.

The section b) (2) of the Act governs communication of information received by the competent authority of the Slovak Republic based on Reporting Obligation of the Slovak Financial Institutions to the competent authority of the United States. Receipt of information from the competent authority of the United States by the Financial Directorate as per the international agreement on financial accounts of the residents of the Slovak Republic is treated under section b) (3).

In addition to the obligations of Financial Institutions related to obtaining and communicating the information to the Financial Directorate, the Act also governs communication of financial account information to the United States and receipt of the financial account information communicated to the Slovak Republic from the United States. The competent authority of the Slovak Republic is, under this Act, entitled to receive such information from the competent authority of the United States. It governs not only the provision of data about financial accounts communicated to the United States, but it also applies to the receipt of account information communicated to the Slovak Republic.

The section b) (4) treats the obligations related to payments to the so-called Nonparticipating Financial Institutions.

Automatic exchange of information in relation to residents of Member States and residents of the states being contracting parties to an international agreement

Article 2:

Automatic exchange of information is defined under section a) as the systematic communication of predefined information on residents in Member States or on residents in Contracting States to the competent authority of a Member State or to the competent authority of a Contracting State.

Contracting State is defined under section b) as a state (or jurisdiction) being first of all a contracting party to the Convention and then also a state which made an undertaking by way of MCAA to participate in automatic exchange of financial account information. Contracting States may also have non-reciprocal jurisdictions which would not be interested in the automatic receipt of information about their own taxpayers, but would send the information about foreign tax residence on an annual basis. The Ministry of Finance of the Slovak Republic will choose the states participating in MCAA for exchange of information after the automatic exchange of financial account information legislation

has been implemented. If the competent authority of the Contracting State selects the Slovak Republic for exchange of information, such Contracting State may be considered as the Contracting State for the purposes of this Act. Contracting States also include the states which have an agreement with EU in place, based on which said jurisdiction will provide the information under this Act and which is identified in the list published by EC. The automatic exchange of information will always be based on bilateralism. For the purposes of this Act, the Ministry of Finance of the Slovak Republic will publish on their web site a list of states and jurisdictions with which the competent authority of the Slovak Republic has an agreement in place pursuant to which that state and jurisdiction will automatically exchange the financial account information.

The competent authority of the Slovak Republic is defined under section c) as the Ministry of the Slovak Republic which may also designate based on delegation of powers other state administration authority responsible for taxes, fees and customs for the purposes of automatic exchange of financial account information.

Account Holder is defined under section d) as the person identified as the holder of a financial account. A tax-transparent entity being, e.g. a trust fund, may also be treated as an Account Holder; in such event, the trust fund is the Account Holder and this reflects its position in relation to such notions as the owner or beneficiary of a financial asset. The same also applies to partnership which shall be considered as the Account Holder instead of individual partners of such company. The person which holds the account for the benefit of another person as a manager, statutory guardian or financial consultant of the latter is not treated as the Account Holder - in such event, the Account Holder is the person for the benefit of which the account is held. The financial institution may, for these purposes, use the records obtained in connection with the processes laid down for anti-money laundering and terrorist financing under the Act No. 297/2008 Coll. on anti-money laundering and terrorist financing and on a change and amendment to certain acts. These records should contain the data of the person for the benefit of which the account is held. If the account is held by multiple persons, each of them is considered to be an independent holder for the purposes of the process based on which it is decided whether or not the account is a Reportable Account. The account is a Reportable Account if one of the Account Holders is a Reportable Person or a passive NFE with one or more controlling persons. If a single account is held by more than one Reportable Persons, each such person shall be credited with the entire balance of the account in full amount.

In the event of a Cash Value Insurance Contract or Annuity Contract, the Account Holder means the person entitled to access the Cash Value or change the beneficiary of the contract. If the Account Holder cannot be determined based on this criterion, the Account Holder means the person denominated as the owner in the contract and the person with a vested entitlement to payment under the terms of the contract. Upon the maturity of a Cash Value Insurance Contract or an Annuity Contract, each person entitled to receive a payment under the contract is treated as an Account Holder.

Section f) defines Entity as any person other than the individual. This means that it includes any legal arrangement of assets or a legal arrangement of persons without legal personality and legal person from the perspective of the Slovak legislation and the legislation of Member States and Contracting States.

Pursuant to section g) an Entity is a Related Entity if either Entity controls the other Entity or the two Entities are under common control. Control means direct or indirect ownership of more than 50% of the vote and value in an Entity.

Section h) defines the Taxpayer Identification Number as the identification number for tax purposes or the number serving for tax purposes issued in the Member State or in the Contracting State to the resident of that Member State or Contracting State.

Documentary Evidence under section i) means multiple types of documents. The Reporting Financial Institution may rely on Documentary Evidence if such Institution is not aware or does not have reason

to believe that the tax residence address is incorrect. The examples of such Documentary Evidence include a certificate of residence for tax purposes issued in the state of taxpayer's residence. Further, the examples of Documentary Evidence include, with respect to an individual, any valid identification issued by an authorised state administration and with respect to an Entity, the address of its principal office or the state, in which the Entity was incorporated.

Article 3:

This Article defines Financial Institutions which are Reporting Financial Institutions. The Financial Institution is defined in section 1 as the Reporting Financial Institution, provided that it is a resident in the Slovak Republic and not a Non-Reporting Financial Institution. The definition of the Reporting Financial Institution excludes all branches of Financial Institutions located outside the Slovak Republic. If the Financial Institution is a tax-transparent institution, it is the resident in the state in which it was incorporated, from which it is actually managed, or in which it is supervised by a financial surveillance authority. If a Financial Institution is the resident in two or more states, it is requested to report to the state in which it maintains financial accounts. We distinguish four types of Reporting Financial Institutions: a Custodial Institution and a Financial Asset Management Institution, a Depository Institution, an Investment Entity, and a Specified Insurance Company.

The section 2 contains a more detailed definition of the Reporting Financial Institutions. The Custodial and Asset Management Institution as per point a) means an Entity that holds, as a substantial portion of its business, Financial Assets for the account of others. It is further provided that the Entity's gross income attributable to the holding of Financial Assets for the account of others equals or exceeds 20% of the Entity's gross income. Such an Entity may then be considered as an Entity that holds, as a substantial portion of its business, Financial Assets for the account of others. The Entity must earn this income during the shorter of: the three-year period that ends on 31 December or the final day of the accounting period; or the period during which the Entity has been in existence. The income earned by such an Entity consists of the fees for custody, account holding, transfer; fees and commissions for disposal of securities kept in custody, and the like. Such a Financial Institution includes in particular a bank providing administration of securities (Custodian Bank), broker, Central Depository of Securities of the Slovak Republic, and stock exchange.

As per section b), a Depository Institution means an institution that accepts deposits in the ordinary course of banking or similar business (e.g. in the area of saving for building purposes). The Entity does business in banking or in a similar area if it accepts deposits or similar investments in funds and regularly conducts one or more of the following activities: granting loans and credits, extension of loans, provision of letters of credit, foreign exchange transactions, or financial leasing. Such institutions include particularly banks, branches of foreign banks, and building savings banks.

An Investment Entity means an Entity which primarily conducts as a business one or more of the activities listed under section c) (1a) through (1c) such as trading in money market instruments, foreign exchange, transferable securities, portfolio management, or otherwise managing Financial Assets on behalf of other persons. Further, it may also include an Entity whose gross income is primarily attributable to investing, reinvesting, or trading in Financial Assets, if the Entity is managed by another Entity that is a Depository Institution, a Custodial Institution, a Specified Insurance Company, or an Investment Entity. The Investment Entity means in particular a securities trader, collective investment vehicle, financial agent, financial advisor, or bound financial agent. This notion is construed in compliance with the recommendation of the Financial Action Task Force (FATF).

A Specified Insurance Company is defined under section d) as an insurance company regulated by the law of the Slovak Republic whose gross income from the insurance and reinsurance activity for the preceding tax period exceeds 50% of the gross income for that period. At the same time, it is an Entity whose aggregate value of Assets out of the insurance and reinsurance activity for the preceding tax period exceeds 50% of gross income. Such Entities mean in particular an insurance company,

insurance company branch from other Member State, foreign insurance company branch, reinsurance company, reinsurance company from other Member State, and a foreign reinsurance company..

Financial Asset defined under section 3 for the purposes of section 2 means particularly a security, partnership interest in a partnership, commodity, swap, Insurance Contract or Annuity Contract, or any interest in a security, interest in a partnership, commodity, swap, Insurance Contract, or Annuity Contract.

Article 4:

The Article defines the Financial Institutions which are Non-Reporting Financial Institutions. Such institutions include a Governmental Entity, international organisations, the National Bank of Slovakia, provided that they do not carry out activities which are similar to entrepreneurial activities of Depository Institutions, Custodial and Asset Management Institutions, and Specified Insurance Companies. If any of the above Entities acts beyond its normal course of business and e.g. mediates a payment to a third person, it ceases to be a Non-Reporting Financial Institution. Non-Reporting Financial Institutions also include Exempt Collective Investment Vehicles or trust funds to the extent that the trustees of the trusts are Reporting Financial Institutions.

For the purposes of section 1 (a) Governmental Entity means a state authority, territorial self-government authority, or an agency established for the purposes of fulfilment of special tasks of public administration. This definition includes Entities which form an integral part of the Slovak Republic, its subordinated entities, provided that no portion of its income inures to the benefit of a private person. Income does not inure to the benefit of a private person if such person is the intended beneficiary of a governmental programme performed with respect to the common welfare. Based on the local law, such an Entity includes in particular a municipality, higher territorial unit, Treasury, Export-Import Bank of the Slovak Republic, Slovenská záručná a rozvojová banka a.s., Social Insurance Company, and a budget organisation or contributory organisation founded for the purpose of fulfilment of the tasks of the state, municipality, and higher territorial unit arising out of special legislation. These Entities are Non-Reporting Financial Institutions in connection with the activities which are not business activities.

An International Organisation means any international organisation or agency or instrumentality thereof. An International Organisation must have a registered office established in the Slovak Republic. Further, its income must not inure to the benefit of private persons.

For the purposes of Section 1 (b), the Non-Reporting Financial Institution also means a Broad Participation Retirement Fund, a Narrow Participation Retirement Fund, a Pension Fund of a Governmental Entity, International Organisation, or of the National Bank of Slovakia, or a Qualified Credit Card Issuer.

The Broad Participation Retirement Fund means a fund established to provide retirement, disability, or death benefits to beneficiaries who are current or former employees or persons designated by such employees of one or more employers in consideration for services rendered, provided that all the criteria under letter (e) points 1 and 2 and at least one of the criteria under point 3 are met.

The Narrow Participation Retirement Fund means a fund established to provide retirement, disability, or death benefits to beneficiaries who are current or former employees or persons designated by such employees of one or more employers, provided that the conditions under letter f) points 1 through 5 of this Article are met.

The Pension Fund of a Governmental Entity means a fund established by the Government of the Slovak Republic or the International Organisation providing retirement, disability, or death benefits to beneficiaries or participants who are current or former employees or persons designated by such

employees, or who are not current or former employees, if the benefits provided to such beneficiaries or participants are in consideration of personal services performed for the Governmental Entity.

The Non-Reporting Financial Institution also includes other Entity with a low risk of tax evasion and of similar properties as the Entities under letter a) (1) and (2). The Slovak Republic is obligated to report these Financial Institutions to EC by 31 July 2015. Based on Art. 22 (9), the list of Non-Reporting Institutions will be published in the Financial Reporter after reviewed by EC.

The Qualified Credit Card Issuer is treated as a Financial Institution solely because it is an issuer of credit cards that accepts deposits only when a customer makes a payment in excess of a balance due with respect to the card and the overpayment is not immediately returned to the customer.

For the purposes of Section 1(d), an Exempt Collective Investment Vehicle means an Investment Entity that is regulated as a collective investment vehicle, provided that all of the interests in the collective investment vehicle are held by or through individuals or Entities that are not Reportable Persons. An Entity shall be considered to be Exempt if it has issued shares in bearer form, but has not, and does not, issue any shares in bearer form after 31 December 2015, retires all such shares, performs the due diligence procedures and reports any information required to be reported when such shares are presented for redemption or other payment; or has in place procedures to ensure that such shares are redeemed or immobilised as soon as possible, and in any event prior to 1 January 2018. Such a Financial Institution includes in particular a bank, payment institution, and an electronic money institution.

Article 5:

The Financial Account is, under section 1, defined as an account maintained by a Financial Institution, and includes a Depository Account, a Custodial Account, an equity or debt interest in an Investment Entity, Insurance Contract, and Annuity Contract. It does not include an account that is an Excluded Account.

A Depository Account defined under Section 2 for the purposes of Section 1 means any account which is e.g. a commercial account, checking account, savings account, account evidenced by a certificate of deposit, certificate of indebtedness, or other similar instrument used within banking business. An Account opened under a passbook normally means a Depository Account. Checking account is administered pursuant to the provision of Art. 708 et seq. of the Commercial Code. A Depository Account is administered pursuant to Art. 716 of the Commercial Code. Passbooks are governed by the Civil Code.

The Custodial Account is defined under Section 2(b) as an account other than an Insurance Contract or Annuity Contract which holds Financial Assets for the benefit of another person. A Custodial Account is normally maintained by a Financial Institution if the Financial Institution supervises the assets on the Financial Account.

The equity or debt interest in an Investment Entity as per Section 1(a) does not include any equity in an Investment Entity which is an Investment Entity solely because it renders investment advice to a customer. Such an equity or debt interest constitutes an interest in an Entity which is a professionally managed Investment Entity or an Entity which represents any Collective Investment Vehicle established with the strategy to invest, reinvest and trade in financial assets. The equity or debt interest other than the one defined under Section 1(b) is an Entity created with the view to avoid the reporting duty under this Act.

As per Section 2(c), Equity Interest in a partnership that is a Financial Institution means either a capital or profits interest in the partnership. If the Equity Interest in the Investment Entity is held by way of a trust, the trust is then responsible for reporting.

An Insurance Contract defined under Section 2(d) means a contract concluded pursuant to Art. 788 et

seq. of the Civil Code. Under such a contract, the issuer agrees to pay the agreed amount upon the occurrence of a specified contingency. The individual or a legal entity that entered into the Insurance Contract with the issuer is obligated to pay premiums.

An Annuity Contract establishes the obligation to pay certain amount of annuity either lifelong or for other indefinite period of time.

As per Section 2(f)(1), the Cash Value means the greater of the following amounts: the amount that the policyholder is entitled to receive upon surrender or termination of the contract; or the amount the policyholder can borrow under the contract. The term 'Cash Value' does not include an amount under Section 2(f)(2).

An Excluded Account means, as per Section 3, a personal retirement account, a tax-favoured account that is not a retirement account, an account opened for the purposes of life insurance, an account held for an estate, a blocked account, a depository account owing to the unreturned overpayment under the terms set forth by the Act.

An Account is defined as a personal retirement account in line with Section 3(a) if it meets all the requirements under (1) through (5).

The Account as per Section 3(b) which is not a personal retirement account must meet the criteria under (1) through (4) to qualify as an Excluded Account.

Life insurance contracts as per Section 3(c) which would end before the insured individual attains age 90 are treated as Excluded Account provided that they satisfy the requirements under (1) through (4).

An account held solely by an estate as per Section 3(d) is an Excluded Account if it includes a copy of the deceased's will or death certificate.

The Section 3(e) defines under (1) through (4) various types of accounts which are Excluded Accounts because they were opened in connection with one of the listed events.

Pursuant to Section 3(f) if the Financial Institution is not a qualified credit card issuer as per Art. 4(3)(d), it may hold an Excluded Account opened in connection with the credit card or other revolving financial instrument.

Pursuant to Section 3(g), any other account that presents a low risk of being used to evade tax and has substantially similar characteristics to any of the accounts described in a) through f) is included in the list of Excluded Accounts. Based Article 22 (9), the list of Non-Reporting Institutions will be published in the Financial Reporter after reviewed by EC.

Pre-existing Account defined under Section 4 means an Account maintained by a Financial Institution as of 31 December 2015, or a Financial Account of an Account Holder regardless of the date such Financial Account was opened which was opened by an Account Holder who also holds with the Financial Institution or with a Related Entity a Pre-existing Account described under (1). The Reporting Financial Institution may not rely on statutory declaration and Documentary Evidence if aware of the incorrectness thereof. The Account that is subject to the procedures set up for prevention and revealing of money laundering and terrorist financing which have already been undertaken with respect to the Account under (1) may be treated as a Pre-existing Account. An account is a Pre-existing Account if the opening of the Financial Account does not require the provision of new, additional or amended information other than the information already available to the Financial Institution and where such information satisfies the requirements set up by this Act. More detailed criteria to classify an Account as a Pre-existing Account will be laid down in a generally binding legal regulation.

Further, the Act lays down the definitions of a new account of an individual and a new account of an entity.

Article 6:

A Reportable Account defined under Section 1 means a Financial Account that is maintained by a Financial Institution and is held by one or more Reportable Persons or by a Passive NFE with one or more Reportable Persons, provided they have been identified as such pursuant to the due diligence procedures described in a special regulation pursuant to Article 7 (2).

Reportable Person is defined under Section 2(a) as a Member State Person or a Contracting State Person other than the persons listed in (1) through (7).

A Controlling Person defined under section 2(b) means a natural person who exercises control over an Entity. Whereas they are persons who are tax residents of other Member States or Contracting States, the term also includes the persons who are the settlors, the trustees, the protectors, the beneficiaries, or class of beneficiaries in the case of a trust opened in compliance with the law of other Member State or Contracting State. The term 'Controlling Person' should be construed in compliance with the recommendation of the Financial Action Task Force (FATF).

A Non-financial Entity ("NFE") defined in Section 2(c) means an Entity that is not a Financial Institution which can be a Passive NFE or an Active NFE.

Passive NFE is defined under Section 2(c)(1) negatively - it is a Financial Entity that is not an Active NFE or an Investment Entity whose gross income is primarily attributable to trading in Financial Assets (Art. 3(f)(2) of the Act) and which is not a Financial Institution.

A NFE is an Active NFE if it meets any of the criteria set forth in Section 2(c)(2) (2a) through (2h). Pursuant to 2a, a NFE is an Active NFE because less than 50% of the NFE's income is passive income and less than 50% of Assets are such assets which generate passive income. Pursuant to 2b, the stock of an Active NFE is traded on a regulated securities market or the NFE is a Related Entity. Pursuant to 2c, the Active NFE is a Governmental Entity, an International Organisation, a Central Bank, or an Entity wholly owned by one or more of the foregoing. A NFE is considered to be an Active NFE pursuant to 2d if substantially all the activities of the NFE consist of holding the outstanding stock or providing financing and services to one or more subsidiaries that engage in businesses other than the business of a Financial Institution, except that an Entity does not qualify for the status of an Active NFE if the Entity functions as an investment fund. Similarly, the so-called start-ups may be included in the list of Active NFEs, provided that the conditions under 2e are met. Pursuant to 2f, an Active NFE is a NFE which is in the process of liquidating its assets or is reorganising with the intent to continue operations in a business other than that of a Financial Institution. Further, pursuant to 2e an Active NFE also means an Entity engaging in financial and hedging transactions with Related Entities which are not Financial Institutions and does not provide financing or hedging to an Entity other than a Related Entity. Pursuant to point 8, the term of NFE includes Foundations (Act No. 34/2002 Coll. on Foundations as amended), Associations of Legal Entities (Art. 20f through Art. 20j of Act No. 40/1964 Coll. Civil Code as amended), chambers of professionals, civic associations including trade unions (Act No. 83/1990 Coll. on Freedom of Association as amended), non-profit organisations providing services of general utility (Act No. 213/1997 Coll. as amended).

Pursuant to Section 3, Member State Person and Contracting State Person means an individual or Entity that is resident in that State the tax laws of that Member State or Contracting State. If the Entity is a tax-transparent entity, it is the resident in the state, from which it is actually managed.

Article 7:

The communication of financial account information of taxpayers to the competent authority of the Slovak Republic and the subsequent provision of the same to the competent authority of a Member State or to the competent authority of a Contracting State is conditional upon finding that such information exists. To that end, the Reporting Slovak Financial Institution is obligated to conduct due diligence procedures pursuant to the rules set forth in the generally binding legal regulation. Within these obligations, the Reporting Slovak Financial Institution shall primarily check whether it maintains a Reported Financial Account.

Pursuant to Section 2, the details of reporting and due diligence requirements, due diligence procedures for Pre-existing Individual Accounts and Pre-existing Entity Accounts, due diligence procedures for New Individual Accounts and New Entity Accounts, and special due diligence rules shall be laid down by a generally binding legal regulation to be issued by the Ministry of Finance.

Article 8:

The data obtained is the data of the holder of the Reported Financial Account or Controlling Persons. The data required under this obligation is listed in Section 2 and relates to the Account Holder - an individual or other entity who is a tax resident of the Member or the Contracting State.

In the case of an individual who is the Account Holder and Reportable Person or Controlling Person, the required information includes his/her name and surname, permanent address or place of business, Taxpayer Identification Number, if assigned, date and place of birth. In the case of an Entity, the information requested includes business name, registered office, and Taxpayer Identification Number, if assigned. Tax residence is requested information for all entities.

This information is also obtained in the case of an entity or an entity without legal personality which is not a foreign person, but is controlled by a person who is a foreign taxpayer. The data is obtained with respect to all controlling persons, if more than one.

Article 9:

The Reporting Obligation of the Reporting Slovak Financial Institution applies to three groups of information. The first group consists of the identification information of the Financial Institution satisfying the Reporting Obligation. This information includes name or trade name of the Reporting Slovak Financial Institution, ID number, and Taxpayer Identification Number. The second group consists of the information about the Reported Account set forth in Article 8(2) of the Act and specified in more detail for individual types of accounts in the generally binding legal regulation. The third group consists of the account number or its functional equivalent and the Account balance or value. The Account balance or value is reported as of the end of the relevant calendar year or other appropriate reporting period. Other appropriate reporting period means e.g. the period between the last anniversary of the contract and the preceding anniversary (e.g. in the event of insurance contracts) or the business year. If the Account was closed during the year, the information of the closure of the Account needs to be communicated.

If the Reporting Slovak Financial Institution finds out during the review that it does not maintain any Reportable Account in the period covered by the Reporting Obligation, it shall communicate such information to the competent authority of the Slovak Republic. The Reporting Obligation under this Section is satisfied in the same manner and by the same deadlines as the Reporting Obligation concerning the data under Section 1.

Pursuant to Section 3, the Reporting Slovak Financial Institution shall meet the Reporting Obligation by 30 June of the calendar year following the year, for which the reported information was collected.

E.g. the Financial Institution is obliged to handover the data collected for 2016 to the competent authority of the Slovak Republic by 30 June 2017.

Automatic exchange of information in relation to FATCA

Article 10:

The FATCA Agreement governs the rights and obligations of the parties binding upon the Slovak Republic and the United States. These rules are self-executing in relation to the parties and, considering the possible amendments to the FATCA Agreement in future, it is not desirable and necessary to lay the regulations down again in a national law. Such provisions include e.g. Article 1(1) of the FATCA Agreement containing definitions for the purposes of the FATCA Agreement. The relevant part of this Act therefore does not contain definitions and makes use of the definitions laid down in the FATCA Agreement. The purpose of the Article is to set forth that the definitions used in the FATCA Agreement would be used for the purposes of this part of the Act as defined in the FATCA Agreement.

Article 11:

Pursuant to Section 1, the Reporting Slovak Financial Institutions are obliged under the FATCA Agreement to register for the purposes of FATCA Agreement (Article 4(1)(c) of the FATCA Agreement governing treatment of the Reporting Slovak Financial Institutions). The registration shall be made via the registration system of the U.S. Internal Revenue Service on the IRS's web site. The Financial Institution is assigned within registration a Global Intermediary Identification Number (GIIN), a special number for the identification of the Financial Institution for FATCA purposes. This identification number will also be used by the Financial Institution in meeting the Reporting Obligation in the Slovak Republic.

Although the FATCA Agreement uses the phrase "registration for purposes of FATCA Agreement", it is not registration as per Art. 67 of the Tax Procedure Code. The provision does not impose the obligation of registration for individual taxes upon the Financial Institution. For clarity purposes, the Act does not use the word "registration", instead it lays down an obligation to obtain an identification number by applying for such number with IRS.

The obligation to apply for the GIIN number is laid down for the Reporting Slovak Financial Institutions. In conjunction with Art. 22(5) of this Act, the Non-Reporting Slovak Financial Institutions are obligated to apply for GIIN as well. Once the Non-Reporting Slovak Financial Institution opens an account that is a Reportable Account under this Act, the institution starts to be treated as a Reporting Slovak Financial Institution subject to all obligations laid down by this Act and the international contract.

The Reporting and the Non-Reporting Slovak Financial Institution shall apply for the identification number so as to obtain the identification number no later than on the day preceding the day on which it is requested to report to the Financial Directorate. The Reporting and the Non-Reporting Slovak Financial Institution will advise the assigned identification number to the Financial Directorate within 15 days from the assignment thereof or within 15 days from the effective date of this Act, if the Reporting and the Non-Reporting Financial Institution applied with the competent authority of the United States for the identification number before the effective date of this part of the Act.

Whereas the Act does not specifically govern the method of advising the GIIN assigned by the Financial Institution, the Financial Institution will follow the general regulation under the Tax Procedure Code.

Article 12:

Owing to identification of the reported Account or the Account held by a Nonparticipating Financial Institution, the Act lays down the due diligence procedure. Within this obligation, the Financial Institution is obliged to review whether it maintains a U.S. Reportable Account (pursuant to Art. 1(1)(cc) of FATCA). If it concludes that it maintains such an Account, the Financial Institution will review the data as per Art. 13 of this Act pertaining to such Reportable Account in conjunction with FATCA.

The Financial Institution also reviews whether it maintains an Account held by a Nonparticipating Financial Institution (as per Art. 1(1)(r) of FATCA). If the Financial Institution finds out based on its meeting this obligation that it maintains an Account of a Nonparticipating Financial Institution, it shall notify the competent authority of the Slovak Republic.

During the due diligence procedure, the Financial Institution is obliged to follow the procedures laid down in Annex 1 to the FATCA Agreement (the so-called due diligence procedures). The Financial Institutions are therefore required to set their information systems in harmony with the due diligence procedures.

This part of the Act also allows the Financial Institutions to use the procedures laid down by the implementing regulation to the U.S. FATCA Act in conjunction with Annex I (Section I(C)) of the FATCA Agreement.

No special period for the due diligence obligation is specified. The Financial Institution should take care of the related activities by the deadline for Reporting Obligation under Art. 14(4) of this Act.

Article 13:

The obligation to obtain information applies to the information about a Specified U.S. Person (as defined in Art. 1(1)(ff) of the FATCA Agreement) or a Non-U.S. Entity whose Controlling Person is a Specified U.S. Person. The data subject to the obligation to obtain information relates to the Reportable U.S. Account Holder. It is the data listed in Article 2(2)(1) of the FATCA Agreement.

Article 14:

The Reporting Obligation of the Financial Institutions applies to several types of information. This provision follows up to Article 2(2)(a) of the FATCA Agreement.

The first group of data consists of the identification information of the Financial Institution satisfying the Reporting Obligation. This includes the name and Taxpayer Identification Number of the Financial Institution. The Financial Institution also states the GIIN number assigned by IRS for the purposes of FATCA Agreement as per Art. 11 of this Act, the name and surname or the business name and identification number.

Further, the information reported includes the information about the Reported Account, information about the Account Holder or the Controlling Person thereof the Financial Institution found in the information obtaining procedure as per Art. 13 of this Act, the Account balance or value, and other information as per Art. (2)(a) of the FATCA Agreement.

Further, the provision also governs the obligation of the Reporting Slovak Financial Institution to notify the Financial Directorate that the Financial Institution has not found any U.S. Reportable Account in the period of Reporting Obligation.

The Reporting Slovak Financial Institution, which in a calendar year maintains an account held by a Nonparticipating Financial Institution, shall communicate the fact to the competent authority of the Slovak Republic.

The Financial Institution is obliged to communicate the data by 30 June of the calendar year following the calendar year, for which the reporting obligation is fulfilled. This time period cannot be extended whereas the competent authority of the Slovak Republic is thereafter requested to communicate the information to the competent authority of the United States by 30 September.

Article 15:

The provision governs the special obligation of the Reporting Slovak Financial Institutions applicable to the payments to Nonparticipating Financial Institutions. The Reporting Slovak Financial Institution that acts as an intermediary or makes a payment to the Nonparticipating Financial Institution (as defined in article 1(1)(r) of the FATCA Agreement) is obliged to meet one of two obligations. The Act follows up to the obligations of the Financial Institutions laid down in the FATCA Agreement in Article 4(1) (d) and (e).

The Slovak Financial Institutions not bound by a separate agreement to withhold payments from a U.S. source are obliged to communicate the information required to withhold the amount corresponding to the U.S. tax (in particular the information which allows identification of the payment remitted to the Nonparticipating Institution, its actual beneficiary, etc.). The Reporting Slovak Financial Institution is requested to communicate such information to the individual/entity which made the payment.

If the Reporting Slovak Financial Institutions are obliged to withhold the amount corresponding to the U. S. tax (30% of each payment from a source in the United States) based on a separate agreement with IRS, they shall send it to the United States. The amount corresponding to the tax will not be deducted to a tax authority or other financial administration authority in the Slovak Republic, but directly to the account specified by IRS under the agreement with the Financial Institution. Only a limited number of Financial Institutions is expected to have the obligation to withhold tax in the Slovak Republic.

This provision does not impose a specific sanction for failure to meet the obligations connected with payments to Nonparticipating Financial Institutions. However, a sanction results from the FATCA Agreement based on which the Financial Institutions which fail to meet the above obligations shall be identified as Nonparticipating Financial Institutions.

Common, Transitional and Final Provisions

Article 16:

Subsidiary legal provisions applied to the procedures under this Act include the International Cooperation Act and the Tax Procedure Code. The procedures under the Act can be divided in two groups. The first group comprises the procedures concerning obtaining the information about accounts by Financial Institutions and the communication thereof to the competent authority of the Slovak Republic. In this event, the rights and obligations are laid down for the Financial Institution which meets the same in relation to the financial directorate. Unless this Act provides otherwise, said procedures are implemented based on a general regulation for tax administration - Tax Procedure Code. The second group comprises procedures connected with communication of the Financial Account information to the competent authority of the Member State, the competent authority of the Contracting State, or the competent authority of the United States, and receipt of the information by the competent authority of Slovak Republic from the competent authority of the Member State, the competent authority of the Contracting State, or the competent authority of the United States. These procedures will be subject to the International Cooperation Act and the Tax Procedure Code, unless this Act provides otherwise.

Article 17:

The Account Holder or the Controlling Person is obliged to provide necessary cooperation to the Reporting Financial Institution and the Reporting Slovak Financial Institution for purposes of fulfilling their obligations with respect to due diligence and obtaining of data.

Article 18:

The Reporting Slovak Financial Institution delivers communications by electronic means, and the details of such delivery are laid down by the Tax Procedure Code under Art. 33(4). The form and structure of the communication are published at the website of the Financial Directorate of the Slovak Republic.

Article 19:

The Reporting Financial Institution, the Reporting Slovak Financial Institution and the competent authority of the Slovak Republic are considered data controllers pursuant to Act No. 122/2013 Coll. on Personal Data Protection and on change and amendment to certain acts ("Personal Data Protection Act"). Data controllers are subject to the Personal Data Protection Act.

Pursuant to Art. 10(2) of the Personal Data Protection Act, personal data may be processed without the consent of data subjects, if the purpose of personal data processing, group of data subjects, and the list of personal data is stipulated by a special Act.

The Reporting Financial Institution and the Reporting Slovak Financial Institution process the data mentioned in Articles 8 and 13 for ten years from the date, on which the data pursuant to Articles 9 and 14 were communicated

Article 20:

The competent authority of the Slovak Republic shall send information reported by the Reporting Slovak Financial Institutions pursuant to Articles 9 and 14 of this Act and eventual removal of irregularities of such communication to the competent authority of a Member State, to the competent authority of a Contracting State or to the competent authority of the United States.

The Act governs the period in which the competent authority of the Slovak Republic is obliged to send the information to the competent authority of the Member State, Contracting State, or the competent authority of the United State setting the deadline on 30 September of the calendar year following the calendar year, for which the requested information was reviewed by the Financial Institutions.

Article 21:

The provision governs the power of the competent authority of the Slovak Republic to accept Financial Account information of Slovak residents from the competent authority of a Member State, from the competent authority of a Contracting State or from the competent authority of the United States of America.

Article 22:

The Reporting Financial Institutions under this Act and the international contract, the Account Holders and the Controlling Persons are forbidden to adopt measures for the purpose of avoiding the fulfilment of the Reporting Obligation and due diligence obligations pursuant to this Act or the international contract.

For the purposes of the obligations under this Act, the Reporting Financial Institution and the

Reporting Slovak Financial Institution is obliged to keep records of the due diligence and reporting procedures pursuant to this Act, international contract, and generally binding legal regulations and of any Documentary Evidence acquired during individual steps and appropriate measures to obtain said records. Such records and Documentary Evidence must be archived for ten years from the end of the calendar year in which the data pursuant to Art. 9 and 14 was communicated.

Pursuant to the conditions under Art. 22 (4) and (5), this Reporting Obligation may also apply to the Non-reporting Financial Institutions and Non-Reporting Slovak Financial Institutions. This applies to two cases when Non-Reporting Financial Institutions or the Non-Reporting Slovak Financial Institution starts performing business activity of a similar type as the business activity performed by the Reporting Financial Institutions or the Reporting Slovak Financial Institutions. Such Financial Institutions are then bound by the same obligations as the other Reporting Financial Institutions and the Reporting Slovak Financial Institutions to perform due diligence procedures, but only for that group of activities with respect of which they are treated as Reporting Institutions. The second case applies to the Non-Reporting Financial Institutions or Non-Reporting Slovak Financial Institutions which find out during their normal course of business that they maintain a Reportable Account and in such event they are obliged to meet their Reporting Obligation without them being obliged to conduct due diligence and acquisition of data on a continuous basis.

Observance of the obligations laid down by this Act shall be checked by the Financial Directorate of the Slovak Republic or by a tax authority following the procedures laid down in the Tax Procedure Code.

Automatic exchange of information between the competent authority of the Slovak Republic and the competent authority of a Member State pursuant to this Act takes precedence over automatic exchange of information pursuant to Art. 7(1)(c) of the International Cooperation Act and pursuant to Art. 49a(7) of Act No. 595/2003 Coll. on income tax as amended.

For the conversion of a currency other than euro, the foreign exchange reference rate determined and published by the European Central Bank or National Bank of Slovakia valid as of the last day of the calendar year or other appropriate reporting period shall be used.

Pursuant to Section 9, the list of Non-Reporting Financial Institutions and the list of Excluded Accounts shall be published by the Ministry of Finance in the Financial reporter.

Article 23:

For a failure to fulfil obligations of due diligence and reporting procedures under this Act and specified in a generally binding legal regulation, the tax authority shall impose a fine up to EUR 10,000 even repeatedly upon the Reporting Financial Institution.

Article 24:

Pursuant to Section 1, the Reporting Financial Institutions is obliged to report information for the first time for the calendar year 2016, and the relevant information shall be reported to the competent authority of the Slovak Republic by 30 June 2017.

As regards Pre-Existing Accounts (accounts maintained as of 31 December 2015), the Reporting Financial Institution is not obliged to communicate the Taxpayer Identification Number or other similar identification number of an Account Holder and the date of birth to the competent authority of the Slovak Republic, if such information is not available to the Financial Institution. However, the Reporting Financial Institution is requested to use reasonable efforts in connection with such accounts to obtain the Taxpayer Identification Number or other similar identification number and the date of birth by the end of the calendar year following the year in which such accounts were identified as Reportable Accounts. In relation to a Reportable Account maintained by the Reporting Financial

Institution as of 31 December 2015, it shall not be obliged to communicate the place of birth if it does not know such information.

The provision lays down special Reporting Obligation for the Reporting Slovak Financial Institution in a transitional period. The obligation applies to the Nonparticipating Financial Institutions, whereas the Reporting Slovak Financial Institution is obliged to communicate to the Financial Directorate within fulfilment of the Reporting Obligation and the following obligations under the Act the name of the Nonparticipating Financial Institution and the aggregate amount of payments remitted or intermediated thereto. This Reporting Obligation is satisfied separately for the calendar year 2015 within the Reporting Obligation in 2016 and for the calendar year 2016 in 2017.

Furthermore, this provision governs the situation for Pre-Existing Accounts. Pursuant to the FATCA Agreement, a Pre-Existing Account means such Financial Account which has been maintained by the Financial Institution as of 30 June 2014. Based on this provision, the Reporting Slovak Financial Institution is not obliged to find and report the U. S. federal Taxpayer Identification Number or other identification number used for tax purposes for the Pre-Existing Financial Accounts. However, if the Financial Institution already knows the data, it is obliged to communicate the same to the competent authority of the Slovak Republic in the period set forth in Art. 17(4) of this Act. Otherwise the Financial Institution shall communicate the date of birth (if known) to the competent authority of the Slovak Republic. A Financial Institution is deemed to be aware of the data if the Financial Institution keeps records of such data. The period in which the Financial Institution is not obliged to find and communicate the above data for the Pre-Existing Accounts expires pursuant to FATCA on 31 December 2016 (in conjunction with Art. 19(4)).

Article 25:

This Act transposes the Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

Part II

Section 1:

The reference to the threshold value under Art. 8(3) of the Directive 2011/16/EU was deleted whereas it was proved to be impossible to actually apply such a threshold value.

Section 2:

This Section amends the title under Art. 19 to "General Measures", whereas the actual title would not reflect the nature of this provision after supplementation of the language in section 5. This Article will govern the issues of costs, and a new provision will be added and this provision will focus on the protection of personal data of an individual with respect of which the information is being exchanged.

Section 3:

Pursuant to Article 21(2) of the Directive 2011/16/EU as amended by the Council Directive 2014/107/EU of 9 December 2014, the Member States are obliged to take care of the security of their systems. If the security of these systems is violated and such violation may have an adverse impact on the protection of personal data or privacy, the competent authority shall take measures to inform each Reportable Person of the violation of security in connection with their data.

Section 4:

For the purposes of consistency of the words and phrases used in the Act and those used in the International Cooperation Act, the word "regular" should be replaced with the word "automatic" in the entire text of the Act. The word "automatic" exchange of information gives a better picture of the fact that the exchange takes place at pre-defined time intervals, concerns pre-defined categories of information, and is without prior application of the involved competent authority, i.e. automatically.

Part III

The provision amends the Act No. 483/2001 Coll. on banks and on a change and amendment to certain acts as amended and provision of information by the Financial Institution to the competent authority of the Slovak Republic for the purposes of automatic exchange of financial account information pursuant to this Act will not be considered as violation of bank secrecy.

Part IV

Whereas the confidentiality obligation is not deemed violated, the provision amends the Act No. 203/2011 Coll. on collective investment as amended. Provision of information by the Financial Institution to the competent authority of the Slovak Republic for the purposes of automatic exchange of financial account information pursuant to this Act will not be deemed a violation of the obligation of confidentiality.

Part V

Whereas the confidentiality obligation is not deemed violated, the provision amends the Act No. 566/2001 Coll. on securities and investment services and on a change and amendment to certain acts (Securities Act). Provision of information by the Financial Institution to the competent authority of the Slovak Republic for the purposes of automatic exchange of financial account information pursuant to this Act will not be deemed a violation of the obligation of confidentiality.

Part VI

Whereas the confidentiality obligation is not deemed violated, the provision amends the Act No. 39/2015 Coll. on insurance and on a change and amendment to certain acts. Provision of information by the Financial Institution to the competent authority of the Slovak Republic for the purposes of automatic exchange of financial account information pursuant to this Act will not be deemed a violation of the obligation of confidentiality.

Part VII

Whereas the confidentiality obligation is not deemed violated, the provision amends the Act No. 80/1997 Coll. on Export-Import Bank of the Slovak Republic. Provision of information by the Financial Institution to the competent authority of the Slovak Republic for the purposes of automatic exchange of financial account information pursuant to this Act will not be deemed a violation of the obligation of confidentiality.

Part VIII

This Part contains provisions concerning the effective date of this Act.

Approved at the session of the Government of the Slovak Republic on 26 August 2015.