



■ Securities Market Agency

REPORT ON THE WORK OF THE SECURITIES MARKET AGENCY FOR THE YEAR 2009

May 2010

Statement by the Director

The current situation on the global financial markets forces us to think carefully when selecting the appropriate method of controlling financial markets in the future, so that these can keep up with the global providers of financial services. The priority of the Securities Market Agency (the Agency or the ATVP) in the given situation is to do all it can to support and stimulate the market in financial instruments.

In 2009, the consequences of the economic crisis were still being felt on the capital market. Nevertheless, the market did not come to a standstill. It was a successful year for the ATVP; it issued more than 700 requests for the issue of licenses, approvals and notifications, and the activities in the field of standardisation were mainly related to the amendments to the Banking Act and the Market in Financial Instruments Act.

In 2009, the ATVP put great emphasis on the identification and prevention of market manipulation, which it identified or was pointed out to it. Compared to 2008, the most significant progress was made in the number of completed supervision procedures, which was almost tripled over the previous year.

In 2009, the Agency lodged two announcements in connection to suspected criminal offence of abuse of the market in financial instruments and one criminal charge in connection with a suspected criminal offence of abuse of inside information with the competent state prosecutor's office.

In the future, the ATVP will also strive for the transparent operations of financial institutions and the regular publication of information on financial instruments and their issuers that investors need to adopt appropriate decisions.

The Slovene market in financial instruments needs a strong and independent supervisor – a supervisor that will guide it and always stimulate it to strive for excellence, development and competence. I am convinced that safety, transparency, diversity and quality are the competitive advantages of the Slovene financial market, in spite of its minor role at the global level, due to the small volume of investments.

Damjan Žugelj,

Director and Chairman of the ATVP Council

1. INTRODUCTION

In accordance with Article 473 of the Market in Financial Instruments Act (hereinafter: the ZTFI), the Securities Market Agency (the Agency) reports annually by 30 June to the National Assembly of the Republic of Slovenia on the situation on the market in financial instruments and on its work.

Furthermore, the Agency must adopt the annual statements of accounts of the Agency for the previous year (pursuant to Article 494 of the ZTFI) by 31 March of the current year, which are reviewed by an official auditor, and the budget for the current year, sending both to the Minister of Finance. Approval for the Agency's annual statements of accounts and budget is also given by the Government of the Republic of Slovenia.

This report contains the report on the operations of the Agency in 2009: information on issued approvals of the prospectus for public offering of securities and takeover bids, data 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.

The figures contained in this report generally refer to work carried out by the Agency in 2009, except in specific cases where they refer to a period before or after 2009 if that provides a more comprehensive account of particular facts or matters connected with the work of the Agency.

2. LEGAL STATUS, TASKS AND BODIES OF THE AGENCY

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 adopted 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, and persons providing financial services on this market, 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 mainly secured from fees for making decisions on specific matters. The level of the payments and fees is set by a tariff granted by the Agency, subject 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, economic 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.

Main tasks of the Agency

The Agency grants authorisations and approvals, 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 the 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) and the Legal Successors of Authorised Investment Companies Act (hereinafter: the ZPNPID).

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 the 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, and 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, a brokerage company, a stock exchange or a 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 central securities clearing company in co-operation with the Bank of Slovenia.
7. Supervising management companies, privatisation funds and investment companies, mutual funds, mutual pension funds, the stock exchange, the central securities clearing company (in co-operation with the Bank of Slovenia), investment firms and banks (in co-operation with the Bank of Slovenia), providing (auxiliary) investment services and transactions, 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 authorisations to perform investment services and deals, registers of tied agents and qualified investors and other public registers.
10. Conducting procedures for the violations of the ZTFI, the ZISDU-1, the ZPre-1 and the ZNVP (minor offence authority).

As of 1 May 2004, when Slovenia joined the European Union, financial organisations from other EU Member States have been able to directly provide financial services in the Republic of Slovenia. Furthermore, Slovenian financial organisations have been able to provide such services on the markets of Member States. This means that the work and scope of authorisations of the Agency have been expanded so that 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.

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.

The Council

The Council consists of five members. 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 of 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 2009, the Council consisted of the following members: Damjan Žugelj, Primož Pinoza, Anka Čadež, Edina Ključanin and Ivan Kukar.

The Council held 48 regular meetings in 2009. The Council is competent for adopting the Rules of Procedure of the Agency and the implementing regulations, issued by the Agency, deciding on licences and 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 it is 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.

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 an 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. Damjan Žugelj was appointed Director of the Agency on 1 April 2008.

On 5 November 2009, the Administrative Court of the Republic of Slovenia issued ruling op. no. U 2031/2008-43, which the Government of the Republic of Slovenia and the Agency received on 26 November 2009, annulling the decision of the Officials' Council, the special tender committee on the fulfilment of conditions by Damjan Žugelj to be appointed director of the Agency and the decision of the Government of the Republic of Slovenia on the appointment of Damjan Žugelj as Director of the Agency and remanded the matter to the Officials' Council or the Government of the Republic of Slovenia.

Therefore, the Government of the Republic of Slovenia appointed Damjan Žugelj Acting Director of the Agency, upon the proposal of the Council of the Agency at its meeting held on 3 December 2009.

3. LEGISLATION

In the field of legislation, the Agency achieved all its set goals. In 2009, the majority of the Agency's activities were related to the amendments to the Banking Act and the Market in Financial Instruments Act. Minor amendments were also introduced with the amended Legal Successors of Authorised Investment Companies Act. The Agency closely co-operated in the systemic regulation of the market of financial instruments in the Republic of Slovenia, particularly the alignment with the European legislation in this field.

In 2009, four amendments to three acts were published in the Official Gazette of the Republic of Slovenia, regulating the competencies and the operation of the Agency, namely:

- Act amending the Banking Act (ZBan-1C) (Official Gazette of the Republic of Slovenia, no. 19/09);
- Act amending the Banking Act (ZBan-1D) (Official Gazette of the Republic of Slovenia, no. 98/09);
- Act amending the Market in Financial Instruments Act (ZTFI-B) (Official Gazette of the Republic of Slovenia, no. 40/09);
- Act amending the Legal Successors of Authorised Investment Companies Act (ZPNPID-B) (Official Gazette of the Republic of Slovenia, no. 40/09).

The amendment to the Market in Financial Instruments Act, enforced on 13 June 2009, introduced some changes in the procedural rules and criteria for acquiring qualified holdings. It also changed the competencies and tasks of the Agency related to the system of guarantees for investor claims, which have been transferred from the Bank of Slovenia to the Agency in a larger scope, particularly in the area of calculating the amounts of liquid investments and payments by brokerage companies in the activation of guarantees. Another important change is definitely the new legal provision that fully regulated the group of persons to whom the Agency may forward confidential information. Until the adoption of the amendment, this area of the Agency's work was regulated by the ZBan-1.

It should be pointed out that the amendments to the Banking Act are important for the work of the Agency, because the provisions of the Market in Financial Instruments Act in many cases refer to the provisions of the Banking Act or their *mutatis mutandis* application.

Based on the amended Banking Act and Market in Financial Instruments Act, the Agency accordingly amended and supplemented 11 implementing provisions regulating the operation of the brokerage companies and risk management:

- Decision regulating supervision of brokerage companies on a consolidated basis;
- Decision regulating risk management and implementation of the adequate internal capital assessment procedure for brokerage companies;
- Decision regulating brokerage company's capital calculation;
- Decision regulating capital requirement calculation for credit risk according to the standardised approach for brokerage companies;
- Decision regulating capital requirement calculation for market risks for brokerage companies;
- Decision regulating brokerage companies' large exposure;
- Decision regulating capital requirement calculation for credit risk according to the internal rating-based approach for brokerage companies;
- Decision regulating capital requirement calculation for credit risk of securitization for brokerage companies;

- Decision regulating the recognition of external credit assessment institutions for brokerage companies;
- Decision regulating credit protection for brokerage companies;
- Decision regulating disclosures by brokerage companies;

It also issued some new implementing regulations regarding qualified holdings, regulated anew the area of guaranteed receivables and issued decisions relating to the specifics of accounting and auditing of brokerage companies:

- Decision on the holders of qualifying holdings of brokerage companies;
- Decision on the holders of qualifying holdings of the stock exchange;
- Decision on the holders of qualifying holdings of the central securities clearing corporation;
- Decision regulating guarantees for investors' claims;
- Decision regulating the reporting of individual facts and circumstances relating to brokerage companies;
- Decision regulating capital reporting and capital requirement reporting in brokerage companies;
- Decision regulating the books of account, annual and half-yearly reports of brokerage companies;
- Decision regulating the extent and contents of the additional audit on compliance with the risk management rules relating to brokerage companies;

All the above-implemented regulations have been published in the Official Gazette of the Republic of Slovenia of the Republic of Slovenia, no. 74/2009.

Because of the above-amended regulations, the Agency adequately adjusted the Tariff of Fees and Charges by issuing the Amendments to the Tariff of Fees and Charges published in the Official Gazette of the Republic of Slovenia of the Republic of Slovenia, no. 86/2009.

In the area regulating the operations of investment funds and management companies, the Agency planned the upgrade of eight implementing regulations in 2009, issued on the basis of the ZISDU-1. Some secondary regulations had to be updated because of the introduction of umbrella funds and a new method of reporting, while other changes were planned with the aim of improving the existing regulation demanded by the increasingly complex environment in which the investment funds or management companies operate.

In 2009, the following implemented regulations were drafted and published in the field of investment fund and management company operations:

- Decision amending the 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 (Official Gazette of the Republic of Slovenia no. 108/09),
- Decision amending the Decision on the detailed content of the prospectus and simplified prospectus of an investment company (Official Gazette of the Republic of Slovenia, no. 28/09),
- Decision on the audit of an investment fund's annual report (Official Gazette of the Republic of Slovenia, no. 55/09),
- Decision on the detailed contents of the summary audited annual and semi-annual reports by investment funds (Official Gazette of the Republic of Slovenia, no. 55/09),
- Decision amending the Decision on the conditions for introduction, trading and settlement of transactions with investment coupons of mutual funds on regulated market (Official Gazette of the Republic of Slovenia, no. 28/09),

- Decision amending the Decision on the methodology for calculating the total operating expenses of a mutual fund and the total operating expenses of an investment company, the method and deadlines for publishing information on the total operating expenses, and the methodology for calculating the portfolio turnover rate of a mutual fund (Official Gazette of the Republic of Slovenia no. 28/09),
- Decision on the detailed definition of cases or circumstances, procedures and other conditions that must be satisfied, i.e., that must be met by a mutual fund wishing to temporarily suspend the redemption of fund units (Official Gazette of the Republic of Slovenia no. 108/09),
- Decision on the holders of qualifying holdings of management companies (Official Gazette of the Republic of Slovenia, no. 74/09),

The adoption of the Decision on the detailed definition of cases or circumstances, procedures and other conditions that must be satisfied, i.e., that must be met by a mutual fund wishing to temporarily suspend the redemption of fund units and the Decision on the holders of qualifying holdings of management companies was not planned for 2009; nevertheless, the former had to be amended because of the alignment with the amendments of other regulations while the Decision on the holders of qualifying holdings of management companies had to be amended because of the amendment of the ZBan-1. The amendment of decisions regulating investment funds and management of risks arising from their investments had been transferred to 2010 since the investments of the funds are becoming increasingly sophisticated and the regulatory environment needs to be adequately adjusted.

As planned, the Agency carried out a detailed analysis of the existing system framework of mutual pension funds in 2009, with the emphasis on the solution of problems it faces in the supervision as a result of legal uncertainties. The result of the analysis was the formulation of specific proposals for the amendment of the ZPIZ-1 and the amendment of six existing implementing regulations. Although only four implementing regulations were planned at first, it happened during the review procedure and the analysis that a further two decisions had to be amended and supplemented.

Thus, the following implementing regulations were adopted in 2009 in the field of mutual pension fund operations:

- Decision on the mutual pension fund's financial statements (Official Gazette of the Republic of Slovenia, no. 98/09),
- Decision amending the Decision on reporting by the manager of the mutual pension fund (Official Gazette of the Republic of Slovenia, no. 98/09),
- Decision on the annual report of a mutual pension fund (Official Gazette of the Republic of Slovenia, no. 98/09),
- Decision specifying the calculation of returns, net asset value, value of the asset unit of mutual pension fund, and the method of fixing the conversion date (Official Gazette of the Republic of Slovenia, no. 82/09),
- Decision specifying the method of evaluating the bookkeeping items of the mutual pension fund (Official Gazette of the Republic of Slovenia, no. 98/09), and
- Decision on audit of a mutual pension fund's annual report (Official Gazette of the Republic of Slovenia, no. 110/09).

Even though the efforts of the Agency were primarily focused on the preparation of comprehensible legislation, its increased complexity gives rise to new questions and requirements for additional explanations and standpoints. In addition to issuing the opinions regarding the specific questions related to the regulation of the area of funds, the Agency, with the aim of further improving legal certainty, adopted several positions that represent the guideline for the operation of management companies, investment funds and mutual pension

funds. In 2009, the Council of the Agency adopted the following standpoints: the standpoint regarding the amendment of the prospectus including the rules of managing umbrella fund in the part relating to the data on the members of the management company's Management Board, the standpoint regarding the data on the members of the management company's Management Board, the standpoint regarding the procedure of the further transformation of a mutual fund into a sub-fund of the existing umbrella fund, the standpoint regarding the replacement of a temporarily absent member of the management companies', brokerage companies', central securities clearing companies' and stock exchange's management bodies, and the standpoint regarding the issue of approvals to the amendment of the statement on investment policy of a mutual pension fund. The standpoints of the Council are published at the Agency's website.

In this period, the Agency also co-operated with the Office of the Republic of Slovenia for the Prevention of Money Laundering in the preparation of the proposed amendments and supplements to the Prevention of Money Laundering and Terrorist Financing Act and with the Slovenian Institute of Auditors, regarding the fulfilment of the rules on risk management in the brokerage companies. In addition to the above, the Agency addressed some proposals to the competent ministry in 2009 for amendments and supplements to the Takeover Act and the Market in Financial Instruments Act, thus indicating the problems in the practical implementation of legal provisions. The Agency highlighted the deficiencies and outstanding issues identified in practice, which will be a welcome contribution to the amendment of the ZPre-1 scheduled for the next year.

Because of the announced modernisation of the pension system, the Agency proposed certain updates of supplementary pension insurance to further stimulate additional saving for retirement.

It submitted to the Ministry of Finance some constructive proposals for arranging the status of the Agency, related to the system of public servants and wage system, which have not been implemented yet.

The Government of the Republic of Slovenia announced the review of the organisation of supervisory bodies in the field of financial system and the related possibility of transformation or merger of all three supervisory bodies in 2009. The Agency actively participated in the discussion and prepared its own proposals to ensure the efficient supervision of the financial market.

4. GRANTING OF AUTHORISATIONS AND APPROVALS

In 2009, the Agency processed a total of 711 requests for the issue of authorisations, approvals and notifications. Most of them were approved, while 38 were either rejected or withdrawn by the applicants. The number of issued authorisations and approvals was considerably smaller than planned and compared to the previous years, as a result of fewer applications submitted. Financial organisations undertook different internal organisational and savings measures related to their operations as a result of financial crisis. Because of the situation in the financial industry, resulting from the financial crisis, the Agency estimated that fewer natural persons decided to obtain various authorisations from the Agency.

Public offering of securities

Pursuant to the Market in Financial Instruments Act, a public company is an issuer whose securities have been admitted to trading on the regulated market in the Republic of Slovenia or another Member State.

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 pursuant to the ZTFI, in which cases the prospectus need not be compiled by the issuer. 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. Such a concept allows the Agency to supervise all the offerings of securities to public in the framework of its competencies.

In 2009, the Agency issued four decisions on the approval of a prospectus for the admission of securities to trading on the regulated market and three decisions on the approval of a prospectus for the public offering of securities.

The Agency has established that significantly fewer (seven) issuers decided for a public offering of securities in 2009 (in 2008, there were 25 such offerings). The Agency believes that this is mainly due to the financial crisis, which has seriously shaken the trust of the investors in the securities markets, which was anticipated by the issuers who decided not to carry out the offerings. Thus, only four investors decided to list their securities for trading at the Ljubljana Stock Exchange and only three issuers offered shares to the public after having the prospectuses approved by the Agency. Two issuers had to offer shares (as one of the measures of financial restructuring or rehabilitation) based on the Financial Operations, Insolvency Proceedings and Compulsory Dissolution Act.

Table: Granted authorisations – approval of the prospectus for the admission of securities to trading on the regulated market in 2009

No.	Issuer of securities (VP)	Number of issued securities
1.	Maksima invest, finančna družba, d. d., Ljubljana	registered no-par value shares, 1,665,840 pcs
2.	Factor banka, d. d., Ljubljana	registered bonds, 5,754 at EUR 1,000
3.	Petrol, Slovenska energetska družba, d. d., Ljubljana	registered bonds, 50,000 at EUR 1,000
4.	Banka Celje, d. d. Celje	registered bonds, 12,147 at EUR 1,000

Source: Agency.

Notwithstanding the fact that the Agency already took into account the impact of the financial crisis in the phase of planning the number of approved prospectuses for public offering of securities in 2009 (compared to 25 granted authorisations, in 2008 it only planned 15

prospectuses in 2009), it can be established that the number of actually approved prospectuses was less than half of the plan.

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 2009, the Agency issued no decisions on the approval of a supplement to the prospectus for admission to regulated market or a supplement to the prospectus for selling shares to the public.

Table: Granted authorisations – approval of the prospectus for the offering of securities to the public in 2009

No.	Issuer of securities (VP)	Number of issued securities
1.	Istrabenz, holdinška družba, d. d., Koper	registered no-par value shares, 34,420,290 pcs
2.	Maksima holding, finančna družba, d. d., Ljubljana	registered no-par value shares, 15,000,000 pcs
3.	Unior Kovaška industrija, d. d., Zreče	registered no-par value shares, 500,000 pcs

Source: Agency.

Exemptions from the obligation to publish a prospectus for certain types of the offering of securities

In 2009, the Agency received 66 notifications of the issuers of securities on the application of exemption from the publication of prospectus. These are notifications in cases in which the issuers are not obliged to obtain the Agency's approval of the prospectus for offering securities to the public for individual types of offers of securities, and the prospectus for the admission of securities to trading on a regulated market. The issuers need not compile a prospectus, but they must inform the Agency of the application of exemption within three business days before the beginning of the public offer or the admission of securities to trading on a regulated market. This principle of informing also allows the Agency to supervise those types of securities offering that are not disclosed to the investors through the prescribed contents of the prospectuses for various legal reasons.

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 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 for which of the possible exemptions under Article 52 of the ZTFI they apply.

Granting authorisations for takeover bids

In 2009, the Agency granted 12 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.

Regarding takeovers in 2009, it can be established that the number of takeovers in 2009 was halved compared to the previous years. Not only was the number of takeovers in 2009 smaller, but their value was also reduced. The Agency planned such reduction in takeover activities in 2009 in its official documents (action plan). Besides unfavourable economic conditions, the decrease in takeovers was also due to legislative amendments making takeover financing more stringent.

Provision of investment services and deals

In the area of operation of financial organisations supervised by the Agency and the persons performing certain functions and tasks in them, the Agency issued many authorisations and approvals on the basis of the ZTFI, ZISDU-1, ZPre-1 and ZPIZ-1 in 2009. These acts give the Agency powers to issue 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 securities clearing companies, authorisations for status changes in such companies, approvals of general acts of stock exchanges and securities clearing companies (in co-operation with the Bank of Slovenia (BS)). Certain natural persons also need authorisations to perform individual functions and tasks in financial organisations supervised by the Agency: authorisations to natural persons to operate as stock broker, to hold the office of a member of the management board or executive director of a management company, brokerage company, stock exchange or securities clearing company, and now also for providing the services of a tied agent and for marketing investment funds.

Granting of authorisations and approvals to brokerage companies and banks

At the end of 2009, there were 26 active licensed participants in the capital market (a detailed list is included in Table 3) that held an authorisation from the Agency or the Bank of Slovenia to provide investment services and financial instrument services, of which 11 were brokerage companies and 15 were banks. As at 31 December 2009, there were 13 banks and 10 brokerage companies that were also members of Ljubljanska borza d.d., Ljubljana (hereinafter: the Ljubljana Stock Exchange) and one brokerage company and two banks that were not members of the Ljubljana Stock Exchange among the licensed traders. In addition to the above, the company ecetra Central European e-Finance AG and the branch of BKS Bank have also been members of the Ljubljana Stock Exchange (with remote access) since 2009. Both institutions have been issued the authorisations for providing investment services and deals by the Austrian supervisor and have been notified with the Bank of Slovenia for the operation on the territory of the Republic of Slovenia.

The investment company ecetra Central European e-Finance AG became the first member of the Ljubljana Stock Exchange with remote access, enabling direct accessibility of the Slovenian market to foreign investors.

All brokerage companies and banks, 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.

In 2009, the Agency issued an opinion to the Bank of Slovenia in the framework of the procedure for issuing an authorisation to a bank for the provision of additional financial service from Item 9 of the ZBan-1, i.e., consulting companies on capital structure, business strategy and similar matters. In addition, the Agency issued to the Bank of Slovenia its opinion related to the provision of investment services and deals related to financial instruments by one of the banks, on the basis of which the Bank of Slovenia issued the bank concerned the decision on the termination of authorisation to provide investment services and deals.

Issue of authorisations to the Ljubljana Stock Exchange

In 2009, the Agency received the application from the Ljubljana Stock Exchange to obtain approval to the change of tariff of the Ljubljana Stock Exchange and to obtain the approval for amendments and supplements to the rules of the Ljubljana Stock Exchange. In the process of deciding on the applications, the Agency found no legal objections to the issue of approval and issued its approval to the change of tariff and the amendment of rules to the Ljubljana Stock Exchange.

In 2009, the Agency also received the application of the Ljubljana Stock Exchange for renewing the authorisation to perform the Multilateral Trading Facility (MTF) services. In 2008, the Ljubljana Stock Exchange obtained the authorisation of the Agency to perform the services of MTF management. Pursuant to the provisions of the ZTFI-1 (Article 168), the authorisation to provide investment services and deals is terminated if the subject that obtained it fails to start providing investment services and deals for which the authorisation was granted within one year of obtaining it. As the Ljubljana Stock Exchange failed to start providing the service within one year of receiving the authorisation to perform the MTF services, it submitted an application to the Agency for extension of validity of the authorisation. As the applicable legislation does not allow for exemptions, the Ljubljana Stock Exchange withdrew its application. Accordingly, the Agency issued the Ljubljana Stock Exchange an adequate decision on the termination of the procedure.

Issue of decisions for entry in the register of tied agents

In 2009, the Agency issued six decisions for entry in the register of tied agents (hereinafter: the OBPZ). Additionally, it issued two decisions on the deletion from the OBPZ register on the basis of the applicant's request for deletion from the register. In this period, the Agency also issued one decision on the rejection of the request for the entry in the OBPZ register and one decision on the rejection of the request for the entry in the OBPZ register. The trend of registering in the OBPZ declined compared to 2008, when 31 subjects were registered, as a result of the fact that the obligation to register was stipulated by the provisions of the ZTFI which entered into force in 2008; this is why all then-active contracting partners of brokerage companies had to register in the OBPZ register in 2008, while only newly-founded ones registered in the OBPZ in 2009.

The granting of authorisations to the members of the management board/executive directors of the stock exchange, brokerage companies and agents

In 2009, the Agency granted one authorisation to hold the office of a member of the management board of a stock exchange and three authorisations to hold the office of a member of the management board of a brokerage company.

In 2009, the Agency received 38 requests for obtaining the authorisation to operate as a broker and issued 45 authorisations to the applicants for this type of operation. The difference in the number arises from granted authorisations applied for in 2008. The number

of received applications and granted authorisations was more than halved compared to 2008.

Investment funds and management companies

At the end of 2009, there were 14 management companies operating with registered offices in the Republic of Slovenia, which operated 128 mutual funds or umbrella fund sub-funds and four investment companies.

Table: Data on management companies and investment funds as of 31 December 2009

	Asset management company - MC	Mutual funds or sub-funds	Investment firm - ID	Investment fund (IS) from the EU Member States
Number of entities	14	128	4	162
Number of investors	-	392,476	108,740	n.a.

Source: Agency.

In 2009, the Agency granted the following authorisations and approvals related to the operations of management companies and investment funds:

- 1 authorisation for the operation of umbrella fund sub-fund,
- 4 authorisations for the establishment of an umbrella fund from existing mutual funds,
- 3 approvals for amendments to the articles of association of an investment firm,
- 11 approvals for amendments to the fund rules of a mutual fund and 14 approvals for amendments to the fund rules of an umbrella fund,
- 11 authorisations to publish a prospectus and simplified prospectus of a mutual fund,
- 14 authorisations to publish a prospectus and 14 authorisations to publish a simplified prospectus of an umbrella fund sub-fund,
- 1 declaratory decision on the termination of authorisations to obtain a qualifying holding in a management company,
- 7 authorisations to conclude contracts on the provision of custodian services for mutual funds or umbrella fund sub-funds,
- 2 authorisations to amend contracts on the provision of custodian services for mutual funds or umbrella fund sub-funds,
- 3 authorizations to perform the services of managing the assets of qualified investors, and
- 1 authorisation to divide a management company.

In addition to the issued authorisations or approvals, the Agency also processed the following applications that the applicants had withdrawn during the procedure: one application for the transformation of the existing funds into umbrella fund sub-funds and one application for obtaining the approval for amending the umbrella fund management rules.

In 2009, the Agency processed the following applications submitted by natural persons related to the operations of management companies and marketing of investment funds, and the sales of investment coupons:

- three applications for holding the function of a member of a management board, of which two issuers were granted the authorisation for holding this function while one issuer withdrew the application,

- one applicant was issued a declaratory decision on the termination of holding the function of a member of a management board of a management company and
- 267 applications for granting authorisation for marketing investment funds and selling investment coupons (in 2009, the Agency received 182 applications for marketing investment funds and selling investment coupons; the majority of the applications processed in this period was the result of the processing of those applications which the Agency received in 2008), of which 235 marketing authorisations were granted and eight applications were withdrawn, while 24 applicants were not issued the authorisations for marketing investment funds and selling investment coupons since they did not meet the prescribed legal conditions.

Supplementary pension insurance

There were six mutual pension funds operated in 2009, five open mutual pension funds, and the closed mutual pension fund for civil servants (the ZMPFJU). These mutual pension funds were operated by three banks, one insurance company and Kapitalska družba pokojninskega in invalidskega zavarovanja d.d. Ljubljana.

In 2009 the Agency issued two authorisations to conclude contracts on the provision of custodian services for assets covering technical provisions in the field of mutual pension fund operations and other providers of supplementary pension insurance. At the same time, the Agency issued a decision on rejecting the request for the issue of approval for amending the rules of the mutual pension fund, which the Agency received in 2008.

Table: Data on mutual pension funds (MPF) at the end of the years 2008 and 2009

	MPF total		Open MPF	Closed MPF
	31.12.2008	31.12.2009	31.12.2009	31.12.2009
Number of funds	6	6	5	1
Number of operators	5	5	5	1
Number of MPF members - total	238,811	246,767	53,532	193,235
Number of MPF members – collective ins.	236,323	244,202	50,967	193,235
Number of MPF members – individual ins.	3,110	3,280	3,280	0
Net collected premium/y (in EUR)	102,058,252	106,144,734	38,728,386	67,416,347
Net VS (in EUR)	482,045,486	645,789,532	254,642,690	391,146,842
Market concentration:				
- share of largest fund	58.49%	60.57%	72.00%	100.00%
- share of three largest funds	92.03%	93.56%	91.3%	-

Source: Agency.

Notifications for providing investment services and deals and selling units of investment funds

Based on the requests received from supervisory institutions of other EU Member States, in 2009, the Agency submitted the notification on the provision of services of 191 investment companies from the EU Member States, which requested to directly provide investment services and deals in relation to financial instruments in the Republic of Slovenia, based on the provisions of the Markets in Financial Instruments Directive (MiFID). At the end of 2009, a total of 1,230 investment companies from the EU Member States provided investment services and deals in the Republic of Slovenia on the basis of notification. Potential investors can obtain information about which investment companies from the Member States meet the conditions for providing their services directly in the Republic of Slovenia on the Agency's websites.

In 2009, the Agency received 18 and processed 35 notifications for the marketing and sale of units of investment funds of EU Member States in the Republic of Slovenia. In 2009, the Agency processed 21 notifications which it received in 2008, while four notifications have been transferred from 2009 to 2010. Furthermore, 10 investment funds from Member States were discontinued in 2009. As of 31 December 2009, there were 162 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, indicating all amendments on its website.

5. KEEPING REGISTERS AND PUBLIC LISTS

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. Both registers are publicly available. Furthermore, the Agency also keeps a register of qualified investors; access to this register is restricted.

In addition to the above, the Agency also keeps other public lists.

Register of authorisations to provide investment services and deals

Pursuant to the provisions of the ZTFI, the Agency must establish and regularly supplement the register of authorisations to provide investment services and deals in which the following are entered:

1. Brokerage companies to which the agency issued the authorisation to provide investment services and deals and
2. Banks to which the Bank of Slovenia issued the authorisation to provide investment services and deals.

Based on the notification of the Bank of Slovenia on the termination of authorisation to provide investment services and deals, the Agency deleted Poštna banka Slovenije d.d. from the register in 2009.

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 2009, the Agency entered six tied agents in the register. It also deleted two tied agents from the register at the same time.

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 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. They can be obtained on the basis of a request.

Public lists

In addition to the above registers, the Agency also keeps other public lists with the aim of informing the investors, the subjects of supervision and various bodies and institutions:

- list of public companies,
- list of issued authorisations for public offerings of securities with prospectuses,
- list of companies from Article 4 of the ZPre-1 (target companies to which the takeover legislation applies),

- list of management companies, umbrella funds with sub-funds, mutual funds and investment companies,
- list of granted authorisations for marketing investment funds, selling investment coupons or shares of investment funds,
- list of notified investment companies of the EU Member States,
- list of management companies and investment funds notified for marketing in the RS,
- list of management companies with authorisation to provide the services of managing the financial assets of qualified investors.

The Warnings of the Agency and the Warnings of Foreign Supervisors are also published on the Agency's website.

6. SUPERVISION AND SUPERVISORY MEASURES

In line with the provisions of the valid legislation, the Agency performs supervision 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),
- by conducting investigations into the business operations of the subjects of supervision, and
- by issuing 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 activities in 2009:

- supervision of public offerings of securities,
- supervision of reporting by public companies,
- supervision of reporting by brokerage companies and banks,
- supervision of reporting by management companies and investment funds,
- supervised of reporting by mutual pension fund operators,
- supervision of reporting by custodian banks,
- supervision of takeovers,
- supervision of the status structure of brokerage companies, of the conditions for providing investment services and deals in brokerage companies and brokers,
- supervision of risk management by brokerage companies (control of capital, capital requirements, liquidity, etc. of brokerage companies),
- supervision of the books of account and annual reports of brokerage companies, management companies, investment funds and mutual pension funds,
- supervision of the rules of operation in the provision of investment services and deals,
- supervision of the Ljubljana Stock Exchange and Central Securities Clearing Corporation (KDD),
- supervision of market abuse,
- supervision of the operation of management companies.

It must be noted that in 2009, the ATVP put great emphasis on the identification of market manipulation it identified or which was pointed out to it.

In 2009, the Agency supervised, above all, the following groups of subjects:

- public companies,
- brokerage companies,
- banks with the authorisation of the Bank of Slovenia to provide investment services and deals,
- tied agents,
- Ljubljana Stock Exchange,
- Central Securities Clearing Corporation (KDD),
- management companies,
- custodian banks and
- operators of mutual pension funds.

In addition to that, the Agency's supervision in 2009 also covered the subjects:

- in which compliance with the takeover legislation was established (the target companies and the holders of their securities carrying voting rights are monitored in the supervision procedures),

- which were suspected of performing activity or providing investment services or deals in the Republic of Slovenia for which they should have obtained an adequate authorisation of the Agency or the Bank of Slovenia without such authorisation, and
- suspected to have abused the market.

In 2009, the Agency performed regular and extraordinary controls. Regular controls are planned in advance; extraordinary controls are carried out on the ground of suspected violation. In 2009, the Agency carried out regular controls only on the subjects that needed an authorisation of the Agency or the Bank of Slovenia for performing their activities. The subject of supervision in extraordinary controls resulting from a suspected violation of the applicable legislation from the area of competence of the Agency was also other entities. In 2009, extraordinary controls were, as a rule, the result of:

- findings, report analyses and notifications,
- received investor complaints and complaints by other subjects,
- received information or data from other sources.

Compared to 2008, the most significant progress was made in the number of completed supervision procedures, which was almost tripled over the previous year.

In 2009 the Agency initiated 157 new supervision procedures, not including regular monthly supervisions of subjects obliged to report. Of these 157 procedures, the Agency initiated 70 regular supervisions of brokerage companies, management companies, the Ljubljana Stock Exchange and the Central Securities Clearing Corporation in 2009.

Because of the increasing number of subjects and better efficiency, the Agency applied even more stringently the principle of supervision based on risks for the capital market arising from each violation when performing supervision in 2009. In line with the principle of supervision based on risks, the Agency developed and for the first time applied in 2009 the General Rules and Methodologies it uses when verifying and assessing brokerage companies under the second paragraph of Article 222 of the ZBan-1. The provisions of Article 301 of the ZTFI in relation to Article 222 of the ZBan-1 stipulate that the Agency must at least once a year:

- Check the organisational structure, procedures and systems referred to in Article 124 of the ZBan-1 and the strategies and processes referred to in Article 126 of the ZBan-1, set up by the brokerage company for the purpose of harmonising its operations with the provisions of the ZTFI and regulations issued on the basis thereof;
- Assess the risks to which the brokerage company is or might be exposed in its operations; and
- Assess the financial position and risks to which the brokerage company is or might be exposed as a result of its relations with other persons within an investment group.

Based on *mutatis mutandis* application of the third paragraph of Article 222 of the ZBan-1, the Agency verifies and assesses, under the second paragraph of Article 222 of the ZBan-1, whether the organisational structure, procedures and systems referred to in Article 124 of the ZBan-1 and the strategies and processes referred to in Article 126 of the ZBan-1, set up by the brokerage company, as well as the capital of the brokerage company provide for a sound and reliable management system and appropriate coverage of risks to which the brokerage company is or might be exposed in its operations.

Besides the purpose of the supervision according to Article 222 of the ZBan-1 in respect of the first and the second paragraphs of Article 301, the Agency shall, pursuant to the fifth paragraph of Article 301 of the ZTFI, also carry out supervision in order to verify if a

brokerage company, a Member State investment firm or a third country investment company providing investment services acts:

- prudently, fairly and with due professional diligence;
- in a manner that supports market integrity and
- in accordance with the provisions from Point 1 of Article 197 of the ZTFI.

The use of the above-mentioned methodology will enable the Agency to efficiently implement the obligations arising from the previously stated articles of the ZTFI and the ZBan-1. Also, based on the results of the supervision using this methodology, the Agency assigned to individual brokerage companies the assessment regarding their risk and system significance for the Slovene capital market. These assessments will serve the Agency to plan supervision of the brokerage companies.

In 2009, the Agency developed the methodology for identifying the risk and system significance of banks providing investment services and deals for the Slovene capital market and rated the banks on the basis of the results. These assessments will also enable the Agency to plan supervision of banks.

6.1. SUPERVISION OF REPORTING

Reporting by public companies

At the end of 2009, there were 89 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, semi-annual report, and interim management report, and by submitting regular reports on all regulated information (including the internal information that might significantly impact the price of securities).

The Agency supervises the reporting by public companies in two ways:

- daily monitoring of reporting by public companies (e.g., in relation to announced changes in respect of significant holdings, convocation of general meetings etc.) and, if necessary, taking actions in the situations when it suspects that the violations of reporting, prescribed by the ZTFI, are being violated. In 2009, the Agency addressed many requests for explanations regarding their ad-hoc reporting to the public companies. In 2009, the Agency issued no supervisory measures (e.g., order on the elimination of violations, terminated trading on the regulated market in a specific security).
- as group supervision, i.e., by carrying out an annual inspection of reporting by all public companies in the part concerning the disclosure of the annual report. In the framework of such group inspection, the Agency takes measures against the public companies in which violations are found.

Annual, semi-annual and interim management reports

Each year, the Agency supervises the reporting by all public companies obliged to publish annual reports. The provision of the first paragraph of Article 110 of the ZTFI stipulates that the public companies must publish their annual reports no later than four months after the end of the business year. A public company must ensure that its annual report is publicly available for at least five years after its publication.

If the annual report is not adopted by the competent body of the company by the deadline specified in Article 110 of the ZTFI, the public company must publish the annual report drawn up by the management of the company within the set deadline, and make a note of this in the publication. Furthermore, the company must publish the adopted annual, either in its entirety

or, if amended, only the information on the adoption of the annual report in the contents prepared by the management of the company within 15 days of its adoption by the competent body.

A public company is obliged to submit the annual report to the Agency and inform it of the method of publication, pursuant to the first paragraph of Article 133 of the ZTFI. The number of public companies 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 2009, the Agency received 91 audited annual reports for the period from 1 January to 31 December 2008. Breaches in the reporting of annual operating results were identified in nine public companies:

- five companies that failed to submit to the Agency their audited annual reports for 2008; the Agency took no measures since, pursuant to the provision of Article 133 of the ZTFI, the submission of the annual report is considered regulated information the contents of which, when published, must be submitted also to the Agency as supervisory body, informing it of the method of publication. Nevertheless, the violation of said provision of the ZTFI is not considered an offence.
- two companies published their (consolidated) annual reports for 2008 too late and the Agency submitted to the minor offences body the Notice of suspected violation (Item 1 of the first paragraph of Article 558 of the ZTFI).
- two companies published their annual reports too late and failed to submit them to the Agency, so the Agency submitted to the minor offences body the Notice of suspected violation (Item 1 of the first paragraph of Article 558 of the ZTFI).

The data on suspected violations do not deviate significantly from the findings from recent years. Ever since the Agency started carrying out the supervision of reporting by public companies based on the annual report a decade ago, there has been great progress in this segment of reporting by public companies. The Agency has noted that there have been considerably fewer violations of reporting in this segment: most of the companies apply adequate diligence in their reporting, the quality of annual reports has improved and the violations that still occur are mostly related to organisational problems in public companies (e.g., when the companies fail to appoint a substitute person to take care of the public company's reporting in the event of personnel changes).

Each year, the Agency supervises the reporting by all public companies on semi-annual operating results. In 2009, all public companies had to publish the semi-annual report for the first time. Previously, the Act stipulated this obligation only on those public companies whose shares were admitted to the stock exchange listing. Consequently, the number of issuers obliged to report in 2009 based on semi-annual report increased, which is why the number of identified violations established during the supervision also increased in comparison to previous years.

Pursuant to Article 112 of the ZTFI, a public company must publish its semi-annual report for the first six months of its business year as soon as possible but not later than within two months after the end of this period. The public company must ensure that its semi-annual report is publicly available for at least five years after its publication. Pursuant to Article 133 of the ZTFI, the issuer must submit to the Agency the content of the publication and inform it of the method of publication.

In 2009, the Agency received 92 semi-annual reports for the period from 1 January to 30 June 2009. Breaches in the reporting of semi-annual operating results were identified in 12 public companies:

The following violations were found during the supervision:

- one company that failed to publish its semi-annual report and submit it to the Agency: the Agency issued an order (the second paragraph of Article 145 of the ZTFI) and submitted to the minor offences body the Notice of suspected violation (Item 3 of the first paragraph of Article 558 of the ZTFI),
- two companies that published their semi-annual reports with a delay: the Agency submitted to the minor offences body the Notice of suspected violation (Item 3 of the first paragraph of Article 558 of the ZTFI),
- seven companies that failed to submit their semi-annual reports to the Agency: the Agency submitted to public companies the requirements (Item 2 of the first paragraph of Article 145 of the ZTFI) for submitting the semi-annual report for the period from 1 January 2009 to 30 June 2009.

A public company, the shares of which had been admitted to trading on a regulated market, must publish an interim management report for the periods of the first six and the second six months of the business year, until the publication of the interim management report (the first paragraph of Article 114 of the ZTFI). The interim management report must be published within the period starting upon the expiry of the ten weeks after the end of individual six-month period and ends six weeks before the end of the next six-month period (the second paragraph of Article 114 of the ZTFI). This obligation of publication shall not apply to a public company that publishes quarterly reports upon its own initiative in line with any other provisions or rules of a regulated market (the fourth paragraph of Article 114 of the ZTFI).

The purpose of publication of the interim management report is to maintain the continuity of publishing information on the operation of the public company throughout the year. This is a publication that allows the investors access to significant information on the issuer's operations in the six-month business period of the time between the disclosure of the annual and the semi-annual report.

In the first six months of 2009, 77 public companies published interim management reports within the period starting upon the expiry of the ten weeks after the end of individual six-month period and 62 public companies informed the Agency of the publication. In the second half of 2009, interim management reports were published by 72 public companies and 60 public companies informed the Agency of the publication.

The obligation to submit interim management reports was imposed on public companies for the first time in 2009, by the provision of Article 114 of the ZTFI. The Agency approached this new reporting obligation for public companies by compiling a notice to prepare them for it and provided specific explanations (instructions) during the process of first publications, while being in close contact with the public companies. Since this was an innovation in the reporting by public companies in the first half of the year, it regularly monitored the reporting concerned and issued guidance and instructions to public companies, but did not impose any supervisory measures. In the framework of the second series of reporting by public companies based on interim reports by the management, which was held in the second half of 2009, the Agency again performed a joint supervision of all public companies. At the time of the compilation of this report, the supervision has not yet been completed.

Announcements of qualifying holdings

In 2009, the Agency received 326 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.

The scope of relevant reporting increased in 2009, mainly because the number of companies in relation to which the holders of securities with voting rights had to report the changes in stakes increased. In this segment, the Agency carried out supervision on a daily basis, mainly because it is a significant area of reporting, and often the first indication of takeovers. The aim of the supervision is to ensure adequate transparency (in this part, the Agency issues many requests to the holders of qualifying holdings, warning them about their obligation to report to the Agency and also proposes introduction of offence proceedings); however, the changes in qualifying holdings are frequently also indications for suspected illegal takeover (often through concerted actions of several subjects involved). In the latter case, this is a source of information that can be a significant indicator for the Agency's supervisory activities in relation to the takeover legislation.

Notification of regulated information

In 2009, public companies made 1,546 announcements (either to the Agency or to the public) of regulated information. The number of announcements has been increasing in the last decade, regardless of the fact that the number of public companies dropped in that same period. This is mainly due to the fact that several convenient methods of reporting have been established to be used by the public companies (a decade ago, for example, public companies mainly reported through publications in newspapers, which were more expensive and did not enable quick responses to significant business events, while more recently, public companies mainly use less expensive channels via the Internet, which enable them to react more swiftly to certain price-sensitive information). The reason for the increased volume of announcements by public companies since the transposition of the Transparency Directive into the ZTFI in 2007 is also in the broader scope of reporting obligation by public companies.

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 12 months prior to its publication. The purpose of the annual document is to supplement the information in the prospectus with the aim of ensuring transparency of information on the operations of the issuer of securities. In 2009, the Agency received 72 annual documents.

Issue of confirmations of collection of proxies

In the scope of streamlining its operations, the Securities Market Agency stopped sending out confirmations to proxies on the receipt of notifications of intent, reasons and method of organised collection of proxies in the target company as of 1 November 2009. Article 8, Paragraph 8 of the ZPre-1 instructs the authorised persons to inform the Agency of the intention, reasons and method of organized collecting of proxies, if individual persons did not want the exercising of voting rights based on organized collecting of proxies to be considered a concerted action. For such a proxy to be considered valid in the sense of quoted Act, the Agency need not issue a certificate, as stipulated by the previously applicable ZPre.

By 1 November 2009, the Agency issued 53 confirmations of the collection of proxies for voting at the general meeting of a public limited company and, after that date, four companies notified the Agency of the collection of proxies for voting at the general meeting of a public limited company.

Reporting by subjects performing investment services and deals

Reporting by brokerage companies and banks, Ljubljana Stock Exchange and KDD

In addition to the above, the Agency regularly collected, monitored and verified the numeric and non-numeric reports and notifications of brokerage companies, banks (with authorisation of the Bank of Slovenia to perform investment services and deals), the Ljubljana Stock Exchange and KDD, which the subjects are obliged to submit to the Agency based on valid legislation. Thus, the Agency received 3,985 numeric reports in 2009 through the system of reporting from brokerage companies (of which 868 reports were revoked), which the Agency reviewed and analysed, referring to:

- capital and capital requirements by brokerage companies,
- liquidity of brokerage companies,
- exposure of brokerage companies and
- investments by brokerage companies.

Persons obliged to report (brokerage companies and some banks with the authorisation for providing investment deals and services) daily sent to the Agency the reports on performed transactions in financial instruments admitted to trading in any of the regulated markets of the EU Member States (reporting on the basis of Article 275 of the ZTFI). The Agency also received 306 non-numeric reports by brokerage companies through the reporting system in 2009.

When verifying the reports and notifications to be sent to the Agency on the basis of legislation 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.

Reporting by domestic and foreign management companies, investment funds, mutual pension funds and custodian banks

Management companies, investment funds, mutual pension funds and custodian banks must send the Agency reports on the basis of Acts and implementing regulations; the Agency verifies their timeliness and accuracy and in particular establishes if there is any suspicion of violation of provisions. Additionally, the Agency may at any time request, pursuant to Article 198 of the ZISDU-1, that the management companies and the operators of mutual pension funds submit reports and information on all matters important for exercising supervision and carrying out other authorities and tasks of the Agency.

In addition to numeric reporting, which has been carried out electronically for some time and was upgraded in 2009, electronic reporting was also introduced last year for reporting on the facts and events related to the operations of a management company and investment fund, and reporting on the transfer of the provision of individual service or deal of operating investment funds on another person. Furthermore, the Agency also introduced electronic reporting for the reports of custodian banks, and applications and reports by notified management companies. The introduction of electronic reporting enables the implementation of specific supervision controls when accepting data; these controls have been partially automated.

Management companies and investment funds

Reporting by management companies comprises regular daily, monthly, quarterly, semi-annual and annual reporting and the management companies must additionally report certain events as they occur. There is no doubt that the request for regular reporting contributes to more consistent compliance with the regulations and thus increased safety for investors.

Daily reporting by management companies represents reporting on the value and change in the value of investment fund unit as at the accounting day (form VS/VEP). The Agency received 33,147 VS/VEP forms in 2009, the receipt of which is daily controlled and analysed for any above-average changes in the fund unit value (FUV) and the number of units in the circulation.

Once per month, management companies report the data from their balance sheets on the last accounting day of the previous month (form MATRIKA/ISBS) and data on transactions in the period of the previous month (form MATRIKA/ISTR). For 2009, the Agency received and reviewed 1,572 MATRIKA/ISBS forms and 1,572 MATRIKA/ISTR forms, the two of them being the basis for regular control of the operations of mutual funds, particularly the supervision of alignment of the fund's investment policy with the ZISDU-1, the prospectus and the fund rules. Besides regular reporting, the Agency additionally requested, received and analysed, for the purpose of supervision, a further 131 reports on the structure and change of investments by individual mutual fund.

The regular monthly review comprises a review of reports on the facts and events related to the operations of a management company and investment fund (168 DZU/NP/M forms received for 2009) and a review of reports on the transfer of the provision of an individual service or agreement to operate an investment fund to another person, and the potential amendment of contract or termination of authorisation (76 notifications on the transfer of the provision of an individual service or deal of operating an investment fund to another person and 55 notifications on the termination of authorisation for 2009).

A management company must report the income statement of each investment fund on a quarterly basis, on the IS/K-IPI form. The Agency received and reviewed 524 IS/K-IPI forms for 2009. Quarterly reporting also includes the reporting on the number and type of qualified investors and the aggregate structure of their investments (form DPV/K). The Agency received and reviewed 15 DPV/K forms for 2009.

In 2009, the Agency received 148 audited annual reports relating to operations in 2008, from 14 management companies, 127 mutual funds and six investment funds. Based on the review and conducted analysis of received reports, the Council of the Agency issued a recommendation that the management companies and the investment funds they operate introduce the good practice of replacing the auditing company (and the certified auditor at the same time, if they switched the auditing company) after five consecutive years of providing the auditing services.

The management company must regularly report on the publications concerning legal and business events related to the operation of the management company and the investment funds. The Agency received and reviewed 206 such notifications for 2009.

Should the investments of an investment fund exceed the maximum or the minimum allowed shares of individual types of investments, the management company must immediately inform the Agency thereof. It must also enclose with the notification a description of the measures it shall take to harmonise the investments of the investment fund with the provisions of the said chapter, and the time limits within which it shall take these measures. The Agency received and reviewed 127 such notifications for 2009.

The management company must inform the Agency of any problems with the payment or its inability to pay the investment coupons or dividends of the operated investment fund (the IS/L-1 form). The review and analysis of the IS/L-1 forms is carried out regularly and the Agency received 535 such forms for 2009. In most cases, the cause for such reporting is the

fall in the net value of funds or the fall in fund units in circulation, resulting from the developments on the financial markets.

In the process of reviewing the received reports, the Agency found 15 violations and demanded explanations of data in the submitted reports, as well as the submission of potential documentation needed for clarifying the established irregularities.

The operators of mutual pension funds and mutual pension funds

An operator of mutual pension funds must monthly report the mutual pension fund unit value (form MPF/VEP), the mutual pension fund value of assets, (forms MPF/M-1, MPF/M-2a, MPF/M-2b, MPF/M-2c, MPF/M-2d), and the composition of mutual pension funds (form MPF/M-3). The Agency received and reviewed 588 such reports for 2009. The Agency found three violations and demanded explanations of data in the submitted reports, as well as the submission of potential documentation needed for clarifying the established irregularities. In all three cases, the irregularities were eliminated within the specified deadline or were merely the errors in reporting.

Reporting on the operating result of mutual funds is made on a quarterly basis with the MPF/IPI-4 form. The Agency received and reviewed 28 such reports for 2009.

An operator of a mutual pension fund must submit to the Agency the audited annual report of the mutual pension fund for the past business year, no later than 30 May of the current year. In 2009, the Agency received on time and reviewed eight audited annual reports from mutual pension funds for the 2008 financial year (six mutual pension funds, the First Pension Fund of the Republic of Slovenia, and the Compulsory Supplementary Pension Insurance Fund, to which the provisions of the ZPIZ-1 relating to mutual pension funds apply).

In the case of changed component listed in the second paragraph of Article 298a of the ZPIZ-1, a written approval of the Agency is required for a change to the Statement on investment policy. Any other changes, such as those regarding the operator, administrator, actuary and similar, must be verified and, if required, changed at least every three years; the Agency's approval is not required, but it has to be notified. In 2009, the Agency received and reviewed two notifications on the change to the Statement on investment policy.

Custodian banks

A custodian must report to the Agency the data on violations or irregularities in operations of a management company, an operator of a mutual pension fund, investment fund or mutual pension fund established while performing the custodian services for an individual investment or mutual pension fund (form SB/NADZOR). For 2009, the Agency received and reviewed 166 SB/NADZOR forms related to the area of investment funds and five forms related to the area of mutual pension funds. The most frequent reasons for reporting are non-aligned investment policy and exceeding of the threshold of maximum allowed exposure of the fund's investments. In seven cases, the Agency continued with the procedures of carrying out supervision and in the rest, the violations have been eliminated within the specified time.

A custodian must quarterly report on its operations involving the assets of an investment fund or a mutual pension fund (form S/T). For 2009, the Agency received and reviewed 146 S/T forms (107 for investment funds and 39 forms for mutual pension funds).

In the process of verifying the received reports, the Agency found, in three cases, that the custodian failed to report or timely report on the established irregularities or violations. The custodians submitted adequate explanations or eliminated violations within the specified deadlines.

EU Member State Management Companies

An EU Member State management company must report on the facts and events related to the operations of the management company and investment funds, operating in the Republic of Slovenia either directly or through a branch. The Agency received and reviewed 627 such reports for 2009.

6.2. SUPERVISION OF REPORTING, REVIEWS OF OPERATIONS AND IMPOSED MEASURES OF SUPERVISION

In 2009, the Agency introduced a total of 157 supervision procedures, which included the establishment of irregularities and violations in reporting by the subjects of supervision and reviews of operations in the premises of the subjects of supervision. These procedures were initiated in the framework of planned regular supervisions or extraordinary inspections, while one brokerage company was inspected as a result of report by a client.

In the area of operations by financial organisations, 111 supervision procedures were initiated last year in brokerage companies, banks with authorisation to provide investment services and deals, management companies, the Ljubljana Stock Exchange, KDD and other subjects suspected to have illegally provided investment services and deals, violated the takeover legislation or abused the market on the basis of monitoring, collecting and verifying reports and notifications. In this area, 13 procedures were initiated against the operations of public companies. Other inspections were carried out in the subjects without the Agency's authorisation for operation.

In 2009, the Agency initiated the following procedures by monitoring, collecting and verifying reports and notifications by subject groups:

- 58 supervisions over brokerage companies (these also included the procedures under Article 222 of the ZBan-1 in connection with Article 301 of the ZTFI, supervision over the accuracy of reports on capital requirements, supervision over unaudited financial statements for 2008, supervision over audited financial statements, auditor's reports and auditor's opinions under the implementing regulations),
- 1 supervision over a bank with the authorisation of the Bank of Slovenia to provide investment services and deals,
- 21 supervisions of management companies (comprising the collection of reports and notifications pursuant to Article 198 of the ZISDU),
- 2 supervisions over the Ljubljana Stock Exchange (unaudited financial statements for 2008 and audited annual report, auditor's report and auditor's opinions under the implementing regulations),
- 2 supervisions over KDD (unaudited financial statements for 2008 and audited annual report, auditor's report and auditor's opinions under the implementing regulations),
- 1 supervision resulting from suspected violation of takeover legislation and
- 26 supervisions over other subjects suspected of illegally providing investment services and deals or suspected of engaging in activities related to market abuse (1 supervision over suspected abuse of insider information, 1 procedure for suspected market manipulation, 1 supervision over the acquisition of qualifying holding in a brokerage company without adequate authorisation of the Agency, 2 supervisions over suspected provision of investment services and deals without adequate authorisation and 21 supervisions over suspected market abuse).

In the framework of these procedures, the Agency issued supervisory measures to eight supervised subjects (order to eliminate violations):

- 2 orders to terminate violations to brokerage companies,
- 3 orders to terminate violations to management companies,
- 2 orders to terminate violations to non-licensed subjects,
- 1 orders to terminate violations to a public company.

The Agency issued a warning to one brokerage company and one public company.

In 2009, the Agency introduced 15 inspections of operations in brokerage companies, banks with authorisation to provide investment services and deals, management companies and other subjects suspected to have illegally provided investment services and deals. In individual groups of subjects, the Agency initiated the following in 2009:

- 4 inspections of operations of brokerage companies,
- 3 inspections of operations of banks,
- 7 inspections of operations of management companies, and
- 1 inspection of operations of a non-licensed subject.

As mentioned before, the Agency considerably expanded its activity in 2009 compared to 2008 in the area of operation inspections, particularly in management companies. In the scope of supervising the operations of subjects in 2009, the Agency issued supervisory measures in the form of orders to eliminate violations to six management companies in the framework of supervision inspections.

Table: Number of initiated supervision procedures, issued orders, warnings and decisions in 2009

Supervised entity or content	started procedures	orders	warnings	issued decisions
Brokerage companies	62	2	1	
Banks	4			
Management companies	28	9		1
Mutual pension funds				4
Ljubljana Stock Exchange	2			
KDD	2			
Brokers				1
Members of management boards				
Public offering of securities				
Public companies	13	2	1	
Takeovers	12			4
Pension companies				
Non-licensed entities	14	2		
Trading in specific securities	21			
Total	157	15	2	10

Source: Agency.

In 2009, the Agency decided on an appeal against an order that was issued at the end of the previous year, by which an operator of a mutual pension fund was ordered to pay a certain amount into the mutual pension fund for failing to achieve the guaranteed value of the fund.

The decision was negative. The operator of the mutual pension fund filed a request for finding the decision null and a proposal to issue a supplementary order and determine a new deadline for the implementation of the order. The Agency issued a decision to reject the request of the operator of the mutual pension fund. In 2009, the same operator of the mutual pension fund was issued the order to supplement the report on the elimination of violations against which it appealed in due time; the appeal was subsequently supplemented. The Agency again rejected it. At the end of 2009, in that same matter, the Agency issued a declaratory decision that the operator of the mutual pension fund had eliminated the established violations.

In 2009, the Agency also issued one decision in which it established, pursuant to the provisions of the ZPre-1, the concerted action and achievement of takeover threshold and prohibited the acquirers from exercising their voting rights in the target company. The Agency issued two further decisions on rejecting the requests of the clients to issue a decision on the suspension of voting rights pursuant to the provisions of the ZPre-1 and one decision on suspending such a procedure, since it established in all the stated proceedings that there was no obligation for a takeover bid.

In 2009, the Agency merged the cases regarding the withdrawal of authorisation to provide brokerage services of three brokers as a result of prohibited market manipulation and initiated one procedure in which it issued a decision, by means of which it revoked one broker's authorisation to provide services and issued a decision on the conditional withdrawal of authorisation to two brokers.

Furthermore, it issued one decision in 2009, by means of which it rejected the appeal of the management company against the order, imposing on the management company the task of eliminating the violation of personnel, technical and organisational conditions.

Warnings by the Agency and the foreign supervisors

In 2009, the Agency continued publishing its own warnings and the warnings of other supervisors on its websites. In 2009 the Agency published:

- 6 warnings in the segment Agency warnings and
- 153 warnings in the segment of warnings by other supervisors.

7. COURT PROCEEDINGS

Proceedings before the Supreme Court of the Republic of Slovenia

As at 1 January 2009, there were seven ongoing judicial protection proceedings before the Supreme Court of the Republic of Slovenia against the Agency's decisions.

In 2009, the Agency received three lawsuits contesting its decisions and submitted answers to them. One lawsuit was filed against the Agency's decision in which it established the achievement of the takeover threshold and prohibited the exercising of voting rights in the target company, while the other lawsuit was filed against the decision by which the Agency rejected such request for finding the achievement of the takeover threshold and the related prohibition of exercising the voting rights in the target company.

In the same period, the Agency received two judgements by which the Supreme Court of the Republic of Slovenia in one case dismissed and in the other rejected the lawsuit of the plaintiffs against the Agency. This confirmed the Agency's decisions on rejecting the request for the issue of authorisation for holding the function of a member of a management board in a management company and on establishing a successful takeover bid for the target company.

As at 31 December 2009, there were eight ongoing judicial proceedings before the Supreme Court of the Republic of Slovenia related to the lawsuits against the Agency's decisions.

Proceedings before the Constitutional Court of the Republic of Slovenia

In 2009, the Agency also filed a constitutional appeal against a decision by the Supreme Court to reject an Audit. The Agency filed the stated extraordinary legal remedy against a court decision in the judicial protection proceeding related to the concerted action that it found in the contested decision and the associated achievement of the takeover threshold and the prohibition of exercising the voting rights in the target company. In 2009, the Constitutional Court of the Republic of Slovenia decided and rejected the Agency's constitutional appeal.

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

In 2009, the administrative dispute before the Supreme Court of the Republic of Slovenia in connection with the applicant's request for access to public information, pursuant to the Access to Public Information Act, was not 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 2009 and the Agency issued a decision on rejecting the above-mentioned applicant's request. The applicant appealed against the Agency's decision and the Agency issued a decision on rejecting the appeal. The Information Commissioner, exercising the supervision right, issued a decision in 2009 annulling both decisions on rejection. The Agency lodged a lawsuit with

the Administrative Court of the Republic of Slovenia in 2009 to set aside this decision, which the Administrative Court of the Republic of Slovenia rejected. The Agency appealed against this decision to the Supreme Court of the Republic of Slovenia that rejected the Agency's appeal for procedural reasons, which is why the Agency re-appealed in 2009 against the above-stated decision of the Administrative Court of the Republic of Slovenia within the appeal deadline; the Supreme Court of the Republic of Slovenia has not yet decided on the appeal in 2009.

Civil proceedings before district or higher courts and the Supreme Court of the Republic of Slovenia

In the first half of 2008, the Agency received the decision of the Higher Court 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. In December 2007, the Higher Court granted a decision that the appeal be refused and the decision of the court of first instance be confirmed. A revision was filed for the decision of the Higher Court in February 2008 but no decision has yet been issued by the court in 2009.

In 2009, the second civil proceeding in connection with the lawsuit filed by a group of investors in mutual funds of one of the management companies in which the Agency was involved as defendant was still pending before the District Court of Ljubljana.

In 2009, the Agency received the judgement of the District Court of Koper in which the Court completely rejected the lawsuit by which the Agency contested the resolutions passed by the General Meeting and imposed on the Agency the payment of legal costs incurred by the defendants. The Agency appealed against the Court's decision and, in 2009, received a judgement of the Higher Court of Koper that rejected the Agency's appeal and confirmed the judgement of the court of first instance.

As of 31 December 2009, the Agency was thus involved in two judicial proceedings that are still pending, in both cases as the defendant.

Proceedings before local courts regarding minor offences

In connection with the proposals for the initiation of minor offences proceedings, which the Agency filed in accordance with the Minor Offences Act (Official Gazette of the Socialist Republic of Slovenia no. 25/83, 36/83–amend., 42/85, 2/86–amend., 47/87, and 5/90 and Official Gazette of the Republic of Slovenia no. 10/91, 13/93, 66/93, 35/97, 73/97–Decision of the Constitutional Court, 87/97, 73/98, 31/00, 24/01 and 10/02-ZDT-B), it received seven decisions from the local courts in 2009, which suspended the minor offences proceedings due to time-barring.

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

In 2008, the Agency granted 38 decisions on minor offences related to violations of provisions, as a minor offences authority under the Minor offences Act (hereinafter: the ZP-1):

- 17 decisions to violators in relation to the violations of the ZPre-1; penalties have been imposed in 13 cases and warnings in the rest. Requests for legal protection have been filed against four decisions. The Agency suspended two 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.
- 14 decisions regarding the violations of management companies under the ZISDU-1 by imposing fines and three warnings. A request for legal protection was filed against one decision.

- 6 decisions regarding the violations of Sections 2 and 3 of the ZTFI on the offering of securities to public or the obligation to disclose regulated information; in all cases, warnings were issued to the violators. The Agency suspended two minor offences proceedings, introduced due to such violations by granting a decision, due to the submission of reasons that exclude prosecution.
- 1 decision regarding the violations of management companies under the ZTFI by imposing fine.

In all the above-described cases, the Agency thus imposed 61 fines on the violators and issued 20 warnings. The Agency issued a further two warnings in relation to the violations of the PZre-1 and the ZTFI.

The Agency issued six official notes for various violations of the ZTFI in 2009, which were not considered violations.

Furthermore, in 2008 the Agency as a minor offences authority initiated *ex officio* six proceedings that have not yet been decided in this year; specifically, one related to violation of the ZISDU-1, three related to violation of the ZTFI concerning the public offering of securities and two related to violation of the ZTFI concerning the obligation to disclose regulated information.

In 2009, the competent district courts decided on nine requests for judicial protection filed prior to 1 January 2009 against the Agency's decisions granted in 2006 and 2007 and one in 2008. In four cases, the decisions were changed in such a way that the procedure in three cases was suspended due to time barring and in one case because of the circumstances that excluded the offence proceeding (the *ne bis in idem* principle). In the latter case, the Agency filed with the Supreme State Prosecutor's Office of the Republic of Slovenia an initiative for that protection of legality, which was filed by the Prosecutor's Office. In three cases, the local courts rejected the requests for legal protection as ungrounded and confirmed the Agency's decisions.

In 2009, the Agency received a decision of the competent higher court, which decided on the appeal filed by the Prosecutor's Office upon the proposal of the Agency, specifically against part of the decision by the regional court relating to the responsible person. The higher court rejected the appeal by the Prosecutor's Office as ungrounded and confirmed the contested judgement of the district court.

Notification of a suspected criminal offence prosecutable *ex officio*

In 2009, the Agency lodged two notifications with the competent state prosecutor's office related to the suspected criminal offence of abuse of the market in financial instruments: in one case against seven legal entities and 12 natural persons and in the second case against five legal entities and seven natural persons.

In the same year, it also lodged one criminal charge for suspected abuse of insider information.

Proceeding before the Labour and Social Court of Ljubljana

In July 2006, the Agency received a lawsuit of a worker (occupationally disabled) 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. In June 2009, the Agency received the judgement of the said court by which the claim of the worker was rejected and she was imposed the payment of the Agency's costs of civil procedure. The worker appealed against the judgement, but the Higher Labour and Social Court rejected her appeal in December 2009.

8. COOPERATION WITH OTHER SUPERVISORY AUTHORITIES AND INSTITUTIONS

When 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 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 2009, the Agency asked the Bank of Slovenia for the information needed in its supervisory proceedings or required by foreign supervisory bodies on the basis of different mutual co-operation contracts. It also co-operated with the Bank of Slovenia in the supervision proceedings involving a bank as the subject of supervision.

In 2009, the Agency prepared several training courses in the field of capital markets for the needs of the Police and the Tax Administration of the Republic of Slovenia. It also co-operated with the Police in certain proceedings.

In the second half of the year, the Agency provided expert consultancy services to the Tax Administration of the Republic of Slovenia in clarifying the facts and circumstances the Tax Administration came across in the proceedings within its field of competence, which were related to the developments on the capital markets.

In October 2008, the Agreement on Co-operation in the uniform system of reporting data on the operations of investment funds was signed with the Bank of Slovenia, 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. A new form of reporting by investment funds was introduced in 2009 in line with the Agreement signed, as well as co-operation of the employees in both institutions, aimed at obtaining data of the highest quality. In the middle of 2009, a proceeding was initiated to supplement the existing annex as it turned out in the practice that the capturing of certain data needed to be reasonably expanded. At the end of 2009, Annex no. 1 to the Agreement on the Co-operation in the Uniform System of Reporting Data on the Operations of Investment Funds was signed, which expanded the exchange of data between the Bank of Slovenia and the Agency.

If required, the Agency co-operated with the ISA in the supervision of operations of mutual pension funds and the preparation of implementing regulations in the field of the ZPIZ-1.

Furthermore, the Agency co-operated with the Slovenian Institute of Auditors in the drafting of implementing regulations in the field of accounting and auditing of mutual pension funds or asked the Institute to issue an approval to the Agency's implementing regulations in this field.

In the scope of its competence, the Agency cooperates with the relevant ministries, in particular the Ministry of Finance, the Ministry of the Economy and the Ministry of Labour, Family and Social Affairs.

Co-operation with the Ministry of Labour, Family and Social Affairs (hereinafter: the MDDSZ) was particularly intense in 2009, mainly in two areas: the negotiations for the accession of the Republic of Slovenia in the Organisation for Economic Co-operation and Development (hereinafter: the OECD) and the regulation of voluntary supplementary pension insurance. In relation to the OECD, the Agency co-operated in the drafting of material that represented the basis for the preparation of the assessment of suitability of the Slovene system of supplementary pension insurance and participated in the meetings of the OECD Workgroup for supplementary pension insurance. The second important area, related to the MDDSZ, was the regulation and upgrading of the pension system in the field of voluntary supplementary pension insurance. As planned, the Agency carried out a detailed analysis of the existing system framework with the emphasis on the solution of problems it faces in the supervision as a result of legal uncertainties. Based on this analysis, at the beginning of 2009 the Agency addressed to the MDDSZ an initiative to change the ZPIZ-1 in the part relating to the area of voluntary supplementary pension insurance. In the second half of the year, the MDDSZ started with the activities related to the modernisation of the pension system and set up a workgroup for drafting a bill of pension and disability insurance for the area of supplementary pension insurance, in which the representatives of the Agency participated.

The co-operation with the Ministry of Finance was focused on drafting the legislation at the European and national levels. Upon the request of the Ministry, the Agency drafted and submitted to the Ministry its positions regarding the proposals and drafts of the European directives (e.g., the Directive on Alternative Investment Fund Managers) and bills regulating the area of financial system.

In 2009, the Agency co-operated with the Ministry of Economy, in particular in the area of takeover legislation. In regular monthly meetings, the Agency thus submitted to the Ministry of Economy the proposals for the amendment of the ZPre-1. These proposals were substantially aligned with the Ministry and, accordingly, the procedure was prepared, agreed upon and launched in the second half of 2009 to amend the ZPre-1. Even though several inquiries had been submitted to the Ministry of Economy concerning the current phase of the amendment of the Act concerned, the Agency had no information regarding this issue when compiling this report. The Agency intensively co-operated with this Ministry in the negotiations for the membership in the OECD, in the preparation of documents and reports, answers to the questions submitted by the OECD's expert departments and participation in the negotiations.

In the process of preparing the legislation and implementing it, the Agency co-operated closely with the Association of Securities Exchange Members (EIG) and the Section of Custodian Banks within the Bank Association of Slovenia. Also in 2009, the Agency continued with the practice of organising regular annual meeting with the representatives of the industry. Two meetings were organised with the managements of the management companies and the representatives of the Association of Investment Fund Companies (EIG) and one meeting with the operators of mutual pension funds. Additional meetings were also held with the operators of mutual pension funds in the framework of amending the implementing regulations in the area of the ZPIZ-1.

Data exchange

In the scope of co-operation, regular data exchange was organised with domestic supervisory bodies and ministries (particularly the Ministry of Labour, Family and Social Affairs, the Bank of Slovenia and the Insurance Supervision Agency). The Agency regularly

sent them certain aggregated data and statistics, e.g., on the operations of investment funds and mutual pension funds. These data were compiled on a monthly or quarterly basis. Furthermore, the Agency also prepared specific data on the operations of investment funds and mutual pension funds for the needs of foreign supervision authorities.

8.1. INTERNATIONAL CO-OPERATION

Most of the Agency's international activities in 2009 were related to the operation of the CESR (Committee of European Securities Regulators). The basic purposes of the CESR's operations were the efficient regulation of the securities markets, the maintenance of the participants' trust in these markets, co-ordination among members and the preparation of proposals of Committees for technical solutions from the relevant directives.

In the first half of the year, the Committee paid much attention to the financial crisis in the EU Member States by preparing the analyses of the Madoff and Lehman cases, restriction or prohibition of short selling in some members and the impact of the financial crisis on the evaluation of financial instruments for the needs of financial statements. Since summer, the Committee has focused its activities on the foreseen status changes, transformation of the CESR into a European agency and preparations for assuming the competence in the area of rating agencies. It also continued to perform its core tasks: co-operation of the supervisors in the framework of the operational network in the area of many expert topics for the regulation and supervision of financial markets, preparation of technical proposals for implementing the directives for the needs of the Commission and preparation, in the scope of the Review Panel, of extensive reviews of the actual supervision practices and establishment of supervisory convergence. In the first half of 2009, the CESR compiled a proposal on the implementing measures for the future directive UCITS IV and the analysis of the impact of provisions of the MiFiD directive on the operation of the secondary markets of shares in the first year after its enforcement.

The work of the CESR is organised in the form of many working and permanent groups as well as in some smaller, temporary groups for resolving individual issues and some less formal networks.

Review Panel

The review panel is a permanent group within the CESR which uses "peer-pressure" to ensure consistent and timely implementation of the EU legislation in the Member States and strengthens their mutual co-operation. This group plays an important role in the preparation of the reviews of the actual implementation of the provisions of the sector-wide directives in the everyday practice of the members with the aim of looking for good practices and striving for a higher level of harmonised licensing and supervisory practices, including the regimes of sanctioning the market participants. Its key task is a thorough review of the daily implementation of the EU directives in practice, as well as the standards, recommendations and guidelines of the CESR aimed at increasing the convergence in the implementation of supervision. The basic method of the group's work is the self-assessment of members and the subsequent peer reviews, the results of which are then associated with the predetermined criteria (benchmarks).

The group prepared several recommendations in 2009. Such reviews, called mapping exercises, indicate the differences between the Member States in both legislative solutions and the actual implementation of competencies foreseen in the directives.

By the end of 2009, the Review Panel also compiled a detailed report for the area of competences established by the transparency directive: the assessment of compliance with the provisions of two CESR standards (Standard no. 1 - the supervisor's competencies regarding the reporting of financial information and Standard no. 2 - the co-ordination of

activities in the supervision of financial reporting); at the end of the year, it also published a report regarding the implementation of the CESR recommendations on simplifying the UCITS notifications.

Furthermore, the members of the group intensively prepared for the review of the implementation of the options and discretions from the MiFiD and MAD directives or the potential introduction of additional provisions and requirements in addition to those already stipulated by the above directives (the so-called options, discretions and gold plating).

CESR-Fin

The permanent group of the CESR-Fin co-ordinates the work of the members in the area of supervising reporting on accordance with the International Financial Reporting Standards (IFRS) and plays an important role in the adoption of decisions related to them. It also monitors the development of events in the field of accounting and auditing in the EU, prepares the technical proposals for the European Commission in these fields and other. The major part of these activities in the past year referred to the assessment and the changes in the evaluation of financial instruments (IAS 39, IFRS 9, IFRS 7).

CESR-IMEG

The Agency participated in all the meetings of the expert group for the area of asset management (hereinafter: the IMEG) working within the CESR. The IMEG actively co-operates with the CESR and the European Commission in all assignments relating to investment funds. The scope of work of the IMEG in 2009 was exceptionally wide, since the CESR had to prepare a wide range of opinions, based on the mandate of the European Commission, related to the preparation of the so-called "level 2" implementing measures in the area of the UCITS IV directive. These measures are related to the management of risks in collective investment undertakings, the rules of conduct, depositary and key investor data (KID), the co-operation of supervisors, organisational requirements for management companies and the prevention of the conflicts of interest.

CESR-PoI

This permanent group carried out regular activities in the field of mutual co-operation and exchange of information. The Agency also obtained certain information from the members of the group, needed for the implementation of its supervision proceedings, based on specific requests in compliance with the provisions of the CESR Memorandum of Co-operation. The recent financial crisis (among other factors) revealed the effects of non-regulated short selling on financial markets. Thus the group regularly co-ordinated its activities in the field of short selling and updated the status by member, based on temporary prohibition or restriction of such trading. In the second half of 2009, CESR-PoI also compiled the report on the model of pan-European short selling regime. Reporting first to the competent supervisor and then informing the public on the size of positions will be an important part of the transparency of the proposed regime.

MiFiD

In June 2009, the CESR compiled a report on the impact of the MiFiD Directive on the functioning of equity secondary markets (document CESR/09-355). The report focuses on the effects of the directive and the implementing regulation on market transparency and integrity, the area of regulated markets, multilateral trading facilities (MTF) and systematic internalisators. One of the major effects of the implementation of the MiFiD and the change of markets is the introduction of trading on the MTF platforms by Member State. The competition between the providers of trading services on the markets of the Member States has increased. The share of trading on the regulated markets has been reduced, and the data on trading are now offered by an increased number of providers, which among other also means additional tasks for the CESR aimed at improving data quality and consolidation. Fiercer competition of trading platforms also brings the dilemmas regarding the equal

conditions of trading and transparency of individual providers (e.g. regulated markets compared to the MTF). At the end of 2009, a special CESR workgroup started with the preparations for the technical proposals for the Committee for the needs of reviewing the MiFiD Directive which the Committee plans in 2010 in the fields for which the CESR believes should be included in the said review.

In the scope of the work of this group, the report CESR/09-324 should also be mentioned, including the proposals of the so-called pre-trade transparency waivers. Some members of the CESR proposed the publication of data before trading be abolished, while the other members verified if the omission of the obligation to publish data is in line with the provisions of the MiFiD or not.

CRA

The CESR spent much time in 2009 in preparation for the implementation of the new competencies of the Credit Rating Agencies (CRA) arising from the Regulation no 1060/09 on Credit Rating Agencies, applicable as of 7 December 2009). The CESR will thus be the European entry point for the registration of Credit Rating Agencies and supervision over their operations, which means a certain expansion of competences of the committee and the national supervisors. At the end of 2008, the CESR established an expert workgroup for the area of Credit Rating Agencies which intensified its work throughout the previous year.

The Regulation 1060/09 stipulates:

- all credit rating agencies established in the EU will have to ask the CESR for registration,
- all regulated legal entities in the EU will have to use the credit ratings issued by the registered credit rating agencies for official needs,
- the registration of a credit rating agency will be a condition for its recognition as institution for credit assessment (External Credit Assessment Institution) in accordance with the CRD–Capital Requirements Directive.

The role of the CESR in the field of credit rating agencies will not be limited to the single entry point for the registration of these entities, but the Regulation also binds the CESR to create a central database on credit ratings issued by individual agencies. The database will provide the participants on financial instruments market with access to information on past statistical data on the operations of the credit rating agencies (historical data on produced credit ratings, transitions between credit rating classes and other). In addition to the basic registration of the credit rating agencies and the creation of a database, another important issue in this area is the recognition of credit ratings issued by the agencies outside the EU, namely that credit ratings meet at least as strict criteria as those defined by the Regulation (the so-called equivalence).

Workgroups in the fields of transparency directive, post-trading and CESR-Tech

In 2009, the Agency regularly monitored the work of said workgroups, answered all requests for data and information in relation to the regulation of the areas, but the employees of the Agency did not participate in the working meetings. In 2009, the first group prepared the common positions regarding the practical issues of implementation of the directive and particularly the issue of a network of national systems for storing regulated information, discussed the practical issues of notifications on qualifying holdings and the dilemmas of the equivalence of legislative provisions on reporting in the Member States with those of the third countries.

Also, the employees of the Agency did not actively participate in the working meetings and expert discussions concerning post trading. The work of this group is related to the activities of the European System of Central Banks, particularly the T2S project. The purpose of the joint recommendations of the CESR and the ESCB (CESR/09-446) for the payment and

settlement of securities and the Central Counterparties system (CCP) is to increase the safety, stability and efficiency of the settlement systems in the EU.

The CESR-Tech group discusses several technical issues arising from the operational implementation of the supervisors' obligations as prescribed in the relevant directives. In June 2009, the central database became operational, which contains the reference data on all financial instruments traded on the regulated markets of the EU Member States (IRDS-Instrument Reference Database System) and is the key element of the EU Transaction Reporting Exchange Mechanism (TREM) as well as for the needs of the supervisors' supervision procedures. The database contains reference data on more than 500,000 financial instruments traded on the EU markets. In the framework of this expert team, the discussion on the reporting of transactions involving OTC derivatives in the TREM framework was also an important topic last year. The group will also have to carry out numerous activities related to the fulfilment of the CESR's obligations regarding credit rating agencies in terms of establishment and functioning of databases with assessments issued by the credit rating agencies in the past (credit rating agencies' repository).

ECONET, takeovers, prospectuses, substitute products

ECONET is a group composed of the representatives of supervisors, particularly economists-analysts. In the first half of the year, the group prepared a report on the risks and trends on the securities markets for the needs of the meetings held by the EFC (Economic and Financial Committee) and the FSC (Financial Services Committee).

The Takeover Network discusses the dilemmas in the implementation of the takeover directive in the Member States. Some members do not have the competences to approve prospectuses, which is why the discussions in this area of expertise are organised in the framework of a somewhat less formal workgroup.

The so-called prospectus contact group has been set up for the area of discussion of topics and interpretation of issues of the prospectus group (Q&A, CESR/09-798). Last year, it prepared an answer requested by the Commission aimed at improving and simplifying the provisions of the Directive (CESR/09-240). The group regularly prepares the statistics of approved prospectuses, i.e., those relating to the offerings of securities within a Member State and those in which the issuer requested a "passport", i.e., where the offering or trading of securities is carried out in several members without the issuers needing re-approval by the competent local supervisors. The procedures of approving the prospectuses are laid down by the Directive and the exact structure and content by the relevant prospectus regulation. The statistics are available in the document CESR/09-707.

Substitute financial products were the topic of the most recent period: specifically, investment funds and investment products related to insurance policies and structured products offered to small investors. The CESR actively co-operated in the review of the status on the EU markets with a special workgroup focused on providing equal standards of investor protection, regardless of the products offered by the providers on the market. This includes information available to investors before making any commitments or signing agreements with the providers/sellers (the criterion for this type of information will be the KID-Key Investor Protection, which is applicable in the area of investment fund regulation) and the rules of selling (for which the criteria from the MiFiD provisions shall apply).

Planned restructuring of supervision in the EU

At the end of 2009, the CESR restructured the working, permanent and operational groups in the so-called Standing Committees because of the planned status changes in the supervision of financial markets. As of 1 January 2010, the CESR will operate in the following committees:

- Secondary Markets;
- Post Trading;
- Credit Rating Agencies;
- Investment Management;
- CESR-Pol;
- Corporate Reporting;
- Committee of Economic and Market Analysts (CEMA);
- Investor Protection and Intermediaries;

and the groups:

- Review Panel;
- IT Management and Governance Group;
- Mutual Recognition Task Force.

In the second half of 2009, one of the key topics of discussions in the framework of the CESR was the future organisational form and structure. On 23 September, the Commission presented the proposal for improving the financial supervision in the EU. A special Post Ecofin Task Force was set up within the CESR, which started the discussion on the future organisation of the ESMA (European Securities and Markets Authority), i.e., in one of the three future European agencies that will presumably replace the three existing committees (CESR, CEBS and CEIOPS) in January 2011. The three agencies will establish the European system of financial supervisors and the planned new “supervision architecture” will also comprise the ESRB (European Systemic Risk Board). The ESRB will monitor risks and assess the stability of the financial system as a whole and take care of early warnings. It will also submit recommendations or even warnings to the members and the ESMA, where the addressees will have to either consider these recommendations and warnings or explain the reasons for non-compliance/deviation.

The three new agencies, including the ESMA, will take over the existing tasks and competences of the so-called 3L3 – 3 level 3 committees, including the CESR. In addition to the present authorisations of the CESR, they will also have new/additional competences:

- preparing the proposals of technical standards which the Commission will later adopt,
- resolving specific cases of misunderstandings between the members, national supervisors,
- ensuring consistent use of the EU laws in the Member States,
- co-ordination in crisis situations.

The national supervisors will still be in charge of the supervision of market participants, while the so-called College of Supervisors will take care of the cross-border participants. As said before, the ESMA will have an additional competence of licensing and supervising credit-rating agencies. Together with the process of adopting legal acts for the status transformation of the CESR into the ESMA, a proposal was drafted for the so-called omnibus directive, which contains the amendments and supplements of individual sector-wide directives aimed at adapting to the new system regulation (for the competences within CESR/ESMA, the directive includes amendments and supplements to the prospectus directive, MAD, MiFiD and transparency directive). The key content of the omnibus directive relates to the competence of the ESMA which will adopt the so-called mandatory technical standards, which will enter into force after having been approved by the Commission.

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 data or information.

In the first half of the year, the Agency also replied to 20 questionnaires of the CESR and more than 15 individual questions or requests for explanations submitted by individual supervisors, or the Agency asked them to provide certain data under the provisions of the CESR Agreement on data exchange and mutual co-operation.

IOSCO

Regarding the operations of the **IOSCO**, it is necessary to highlight the decision of three presidents (chairs of the following committees: Executive Committee, Technical Committee in Emerging Markets Committee) that the Agency meet all the prescribed conditions for the signature of the IOSCO MMoU (Multilateral Memorandum of Understanding), i.e., that it can become party to the Annex A to the MMoU. In other words, this decision means that the Agency has proven, in a lengthy and very detailed verification procedure carried out by the IOSCO experts from certain members, that its legal framework and specific competences enable the required exchange of data and information with other members of the IOSCO, and that there are no legislative or organisational obstacles.

The signing of the IOSCO MMoU was one of the most important tasks of the Agency in the past year and in 2008. The completion of the entire procedure prior to the end of 2009 was the result of a lengthy and very detailed verification processes by the representatives of certain supervisors in charge of resolving individual requests of the members of the IOSCO as well as the fact that immediately after the preparation of the first copy of the Agency's answers to the IOSCO questionnaire, which means the formal beginning of the procedure, the basic legislation regulating the operation of the Agency and its competences was changed (the ZTFI replaced the ZTVP). This involved a new request with new answers and proofs.

At its annual conference in 2005, the IOSCO set a goal that all its members would sign the MMoU by 2010 or at least be included in the formal procedure for signature. Of the total of 115 members, 96% met either all formal conditions for signing the memorandum (64 members) or undertook (46 members) to indicate the amendment to the domestic legislation that will allow them to meet the conditions for future signature. These were included in the so-called Annex B to the IOSCO MMoU. As an illustration, let us mention that in 2008 there were 867 requests for information and data in the supervision procedures between the members of the IOSCO, mainly related to identifying and sanctioning prohibited market activities.

Last autumn, the representatives of the Agency participated in the training programme organised by the IOSCO in the area of market supervision.

In June 2009, the Agency signed a bilateral agreement on co-operation in the exchange of information with the Croatian supervisor (HANFA). At the end of the year, it initiated the procedure of harmonising the contents of a similar agreement also with the securities market supervisors in Serbia and Montenegro.

The representatives of the Agency also participated in the training programme in 2009 (the SEC Institute) organised by the US SEC.

9. OTHER ACTIVITIES OF THE AGENCY

9.1. Public relations

In 2009, activities in this area focused on communication with external publics (i.e., the media, supervised entities and other interested publics) as well as with employees.

In communication with external publics, the Agency continued with proactive communication practices. It provided relevant information via publications on its websites, press releases, direct communication and by keeping track of and responding to inaccurate or incomplete media reports. During this time, two thematic informative brochures were prepared and published on the Agency's website. The first brochure entitled "*Tips for investors in securities and financial instruments*" was issued by the Agency in October 2009. In December 2009, it was followed by the publication "*Regulation of takeovers and the role of the Securities Market Agency (ATVP)*".

The Agency regularly informs the interested publics about the operations of participants on the market of financial instruments. Thus, it publishes the online bulletin "Monthly Overview of Developments on the Financial Instruments Market" as well as detailed data about the operation of investment funds and mutual pension funds.

In 2009, the Agency redesigned its website. The aim was to bring the contents of the Agency closer to the interested publics and offer them a well-structured, content-rich and up-to-date website. At the end of 2009, the website designated for the internal public (i.e., the intranet) started being remodelled. The purpose of remodelling the intranet is to upgrade the existing website to assist employees in their work and improve communication with the internal public. The modernisation and upgrade of the website resulted in an editorial office being established, ensuring that information presented on the website is topical, up-to-date and clearly organised.

Major public relations projects include the redesign of the corporate identity of the Agency. It entails a visual graphic upgrade, redesign of the existing logo of the Agency and consequently the overall correspondence of the Agency (i.e. letter formats, envelopes, business cards, annual reports and other). This is the first redesign of the Agency's visual identity since its foundation nearly 16 years ago. With it, the Agency will declare itself a modern, dynamic institution overseeing the capital market. The first phase of corporate visual identity redesign, i.e. the selection of the new logo and its forms, was completed at the end of 2009. Currently, the new visual identity is being implemented and is scheduled to be finalised in the first quarter of 2010.

9.2. General, human resources and other matters

In 2009, the Agency recruited four new employees, one employee returned to the Agency after termination of function, and no employment relationship or contract was terminated. Thus, 50 employees were employed by the Agency at the end of 2009, of whom three were working half-time (two disabled persons and one employee under the provisions of parental protection). In the second half of the year, absence from work was high because of maternal leave and longer sick leave (six employees in total). No new staff were hired temporarily to replace these employees.

In 2009, the Agency again strove to improve the qualifications held by its personnel, both by making off-the-job studies possible and by providing other forms of external and internal training and skills development. The qualifications held by the Agency's employees were as follows, as of 31 December 2009: two doctors of science, eight masters of economics, three

masters of science in economics (Bologna course), 14 bachelor's degrees in law, 13 bachelor's degrees in economics, one bachelor's degree in physics, one bachelor's degree in communication sciences, one bachelor's degree in administrative organisation, one bachelor's degree in organisation-management, three graduates in economics and three graduates from secondary school.

In 2009, the Agency amended or supplemented the following general acts:

- Rules of Procedure of the Securities Market Agency (5 March 2009, 28 May 2009 and 4 September 2009);
- Regulations on Internal Organisation and Job Classification (5 January 2009, 6 March 2009, 23 April 2009, 4 September 2009 and 18 September 2009);
- Decision on setting session fees and reimbursing costs to the President, members and secretary of the Agency's Council (12 March 2009);
- Instruction on award of public contracts (6 February 2009);
- Rules on publication of information on the website of the Securities Market Agency (24 July 2009);
- Decision on the use of electronic devices on the premises of the Securities Market Agency (22 December 2009).

The amendments and supplements to the Rules of Procedure of the Securities Market Agency and the Regulations on Internal Organisation and Job Classification are related to the (difficult) harmonisation with the system of public servants and wage system. The Rules on the publication of information on the website of the Securities Market Agency also internally regulate the procedures for maximising the updatedness of its website. In order to provide for data security in relation to electronic devices, the Agency passed a special act in this field. In the light of the more stringent financial situation, it reduced session fees of its Council as of 1 April 2009.

In addition to labour-law relations and internal relations, the Agency independently handled other contractual relations and relations with different 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.).

In order to solve the issue of lacking space, it provided additional working area by rearranging and adapting the existing business premises (about 260 m²). Rationalised use of space and spatial adaptations led to 17 workplaces being expanded to 27. The cost of adaptation was about EUR 650/m². The purpose of the adaptation, i.e., the increase in workplaces, was thus achieved.

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. According to fire safety regulations, in June 2009 the Agency carried out a practical fire evacuation exercise. Owing to the introduction of the new wage system and the prescribed introduction of other work posts as its consequence, at the start of 2009 the Agency completed the revision of the Statement of safety with risk assessment and adopted a new one.

The Agency adopted the Report on the work of the Agency in 2008 and the Report on the state and situation on the market of financial instruments in 2008, which were submitted to the National Assembly of the Republic of Slovenia in due time. The Council adopted the Agency's Annual Account for 2008 and the Agency's Budget for 2009 (including the action

plan of the expert services of the Agency) by the specified date, i.e., 31 March 2009, which were also approved by the Government of the Republic of Slovenia on 4 June 2009. The Agency regularly and by the legally set deadlines compiled various mandatory reports and data (the balance sheet of the Agency for 2008, corporate income tax assessment for 2008, payroll reports etc.), and further pursued the practice of preparing various internal reports and financial statements. For the assessment of the new wage system for civil servants, the Agency also prepared some data, analyses and answers in the scope of questionnaires etc. in this field, and supervised the transition to the new wage system. No irregularities were discovered in this process.

The Agency has its own accounting department, which performs all accounting functions of book-keeping, invoicing, control and analysis, managing the books of account and various accounting records; in 2009, it recorded approximately 27,000 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), which is 16% more than the year before. A part of entries were made in order to monitor the movement in general government revenue and expenditure (the cash-flow accounting principle applies to recognition of revenue and expenditure in books of account). In this scope, the Agency recorded 2,459 invoices issued under the tariff, of which 1,880 for monthly supervision fee and 524 for annual supervision fee. In 2009, the Agency received 925 invoices from suppliers, which were paid by the set due dates.

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 remedies. In 2009, it proposed to the competent tax authority the forcible collection of procedural costs in one instance, filed one claim in compulsory settlement proceedings and six claims in bankruptcy proceedings in total amount of EUR 9,750, while it filed no enforcement motions. The Agency had outstanding receivables of EUR 153,507 as of 31 December 2009 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 17,175 was from the enforcement motions lodged by the Agency in previous years, the claims registered in compulsory settlement proceedings and filed lawsuits, 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).

During the year, the programme for payment transactions was completely redesigned and modernised in the framework of the Public Payments Administration at the Ministry of Finance. The new programme used by the Agency within the uniform treasury account facilitates payment transactions, the keeping of statistical data and liquidity planning. At the same time, it provides for automatic transfer of data about the balance and transactions in the Agency's accounts to accounting records. In 2009, the Agency acquired software for issuing and accounting travel warrants. In salaries, the Agency upgraded the application for electronic recording of employees' presence and direct use of this data for monthly payroll accounting.

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%, since it employs two disabled workers. In line with the Decree Establishing Employment Quota for Disabled Persons, the Republic of Slovenia Fund for Promotion of Employment for Disabled Persons re-issued a decision to the Agency that the reward for exceeding the quota be paid for the further 12 consecutive months.

At the end of February 2009, the external auditor audited the Agency's financial statements for 2008. The opinion was that the Agency's balance sheet and income statement for 2008

gave a true and fair view of its financial position and were in accordance with the Accounting Act and the Slovenian Accounting Standards. Furthermore, the start of the year 2009 saw the completion of the regular annual internal audit started in 2008, comprising the inspection of the functioning of internal controls and certain procedures in individual areas; no irregularities were found. At the end of 2009, the regular annual internal audit was started. The report will be produced in early 2010.

9.3. Information technology

In 2009, the Agency greatly 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 June 2009, the system enabled the Ljubljana Stock Exchange to engage in electronic reporting of data on financial instruments admitted to trading on a regulated market and, as of November 2009, also electronic reporting on all legally stipulated reports for management (standardised, financial and non-standardised, general). Moreover, the Agency successfully carried out the project of expanding general electronic reporting by including custodian banks of investment and mutual pension funds, which started submitting electronic reports in November 2009. Also in November 2009, it set up the system for electronic receipt and sorting of UCITS fund applications from other EU Member States. In the last quarter of 2009, there were some rather extensive amendments made to implementing regulations governing reporting of brokerage companies, banks and management companies, as a result of which the electronic reporting system experienced another extensive modification, successfully implemented in January and February 2010. In the last quarter of 2009, the Agency started upgrading part of the system for electronic reporting by management companies, which 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 guarantees the forwarding of data to the Bank of Slovenia. Consequently, the submission of data on investment fund UV (unit value) to the Bank of Slovenia has been ensured as of February 2010 (in addition to data on operations of investment funds provided since January 2009).

In the last quarter of 2008, the CESR initiated the project of the Transaction Reporting Exchange Mechanism (TREM), through which reports on transactions are exchanged with other EU and EEA Member States. The upgrade allowed accurate and integral reporting on transactions in financial instruments to the countries that are competent for relevant instruments, on the basis of a comprehensive and daily updated database of all financial instruments admitted to a regulated market in the EU or EEA (IRDS – Instrument Reference Data System). The project was successfully concluded on 1 June 2009, and the successful upgrade of the system was dependent on a simultaneous upgrade of the system of electronic reporting by inclusion of the Ljubljana Stock Exchange.

In early 2009, the Agency started using a document management system, which in October 2009 underwent largest major upgrade aimed at improving its reliability and accurate functioning, and ensuring more user-friendly document handling.

In April 2009, the Agency completed the website redesign project, and in August 2009 the first phase of introducing the information protection management system – SUVI. In September 2009, it launched the e-meeting project, enabling electronic submission of material for meetings of the Agency's Council and the simple overview of material by the members of the Council. The project is planned to be completed in the first quarter of 2010. In November 2009, the Agency started redesigning the intranet so as to facilitate employees' access to information on their work and make it more transparent. The redesign is projected to be finalised in the first quarter of 2010.

In 2009, the Agency modernised and upgraded the infrastructure of its IT system. Extensive renovation of some of the Agency's premises in March and April 2009 involved the relocation of the server room and the modernisation of the cooling and constant power supply system. In the second half of 2009, the Agency also upgraded the visualisation platform, carried out the project of acquiring and installing the new central RAID, and implemented hardware solutions for protection against spam and for network supervision.

In the last quarter of 2009, office applications were upgraded to provide the Agency's employees the latest working tools.

Furthermore, new user interfaces for viewing the database were introduced in 2009, especially for the purpose of supervision and control of data submitted to the Agency by the entities supervised by the Agency through the electronic reporting system.

In 2009, the Agency also realised a vast project of electronic capture and digitalisation of the documents created since its establishment in 1994. Nearly 600 running metres of documents were processed (organised, inventoried, captured electronically, digitalised and fitted with suitable metadata).

In co-operation with the Ljubljana Stock Exchange, in 2009 the Agency initiated the project of setting up a system for central storage of supervised information (CSI). It is projected that the issuers will be able to start using it in April 2010.

10. CONCLUSION

In 2009, the functioning of the market of financial instruments and financial markets was generally influenced by the global financial crisis. The volume of operations in these markets stagnated, whereas the indices on international stock markets, including the Ljubljana Stock Exchange, as well as trading volumes were far below the level recorded in previous years.

The Slovenian financial industry adapted to the reduced trading volume and issuing of securities, and to stagnation of saving chiefly by internal reorganisation and cost-saving measures. Last year thus witnessed the first mergers of financial organisations.

The activities of new securities issues in Slovenia slowed down, and the number of securities newly admitted to the stock exchange was lower. The takeover activity was, in terms of scope and not in terms of the number of requests, below the 2008 level owing to unfavourable economic conditions and legislative amendments that were more stringent as regards takeover financing by external resources.

The number of requests for the granting of the authorisation and approval was slightly more than 35% below the planned level, both in investment services and mutual funds. The number of authorisations granted to natural persons for performing certain tasks on the market of financial instruments, which can only be performed if the Agency verifies the fulfilment of certain conditions related to knowledge and experience, was practically half of what was planned.

In 2009, the Agency also intensively supervised the financial instruments market as regards checking reports. By means of new technologies and knowledge, it introduced advanced reporting methods. As far as reporting by public companies, financial organisations and funds is concerned, in our estimation, the 2009 plan was realised. Numerous additional tasks were carried out, focusing on the simplification of internal procedures, boosting the cost effectiveness of the Agency's operations and supervision efficiency.

Solutions materially improving the operational co-operation among supervisory bodies in Slovenia were implemented in the past year. By adopting and publishing its stances, the Agency made the business environment more predictable; by redesigning and upgrading the entire series of implementing regulations on brokerage companies and mutual pension funds, it took an important step towards the convergence of their operations with the general standards of financial operations.

Moreover, the Agency was very active in examining the operations of financial organisations and discovering any violations and irregularities, both by regular and extraordinary reviews. Particular attention was paid to the checking of potential market abuse, its prevention and requests for the transparent operations of entities on the market of financial instruments.

In the field of legislation, the Agency achieved the goals planned and projected for 2009. All amendments and supplements to implementing regulations that were necessary because of the said legislative amendments have been put into practice.

In 2009, the Agency also achieved its goals related to takeover legislation, as it submitted to the competent ministry several written proposals for amendments and supplements that have already been dealt with by the expert services of the ministry. In this way, the Agency properly highlighted the deficiencies and outstanding issues identified in practice, changes to which will be a welcome contribution to the amendment of the ZPre-1 (Takeover Act) scheduled for next year.

In 2009, the Agency addressed some proposals to the competent ministry for amendments and supplements to the Market in Financial Instruments Act (the ZTFI), mainly concerning greater independency of the Agency, all with the aim of even more efficiently executing its powers.

The Agency was active also internationally. In the scope of the EU, it put forward its comments about the planned reorganisation of the supervision of financial markets and the transfer of some supervision authorisations to the European Securities and Markets Authority – ESMA.

In the scope of IOSCO, in 2009 the Agency, after several years of negotiations, signed the MMOU – Multilateral Memorandum of Understanding of supervisors – granting the Agency a status equal to that of supervisors of the most developed countries.

Some changes were planned in 2009 in systemic regulation in the area of civil servants and the wage system; however, there were no major changes warranting additional harmonisation of the Agency's internal organisation and existing employment contracts. Certain activities that had not been planned originally were carried out in relation to the new wage system (expanded evaluation of the system, supervised transition to new wage system etc.).

For 2009, the Agency projected an average of 50 employees to implement numerous new competences and expanded tasks. This number was achieved towards the end of the year. Thus, the Agency for the most part solved the shortage of staff that has long persisted. It also duly focused on additional training and education of its staff.

Owing to staff reinforcement and the related spatial problem, the Agency completed the rearrangement of business premises as planned and gained additional working space.

In IT, the Agency for the most part fulfilled the extensive goals set for 2009, i.e., the furnishing of the Agency with modern computer equipment and software providing continuous support to its work. Partly unrealised is the demanding and sophisticated project of the construction of a central data warehouse, involving data processing and analysis tools. The Agency estimated that it would be more reasonable to implement this project in 2010 based on somewhat modified grounds and assumptions, this being the consequence of the IT system modernisation conducted in 2009.

ATTACHMENT TO BUSINESS REPORT

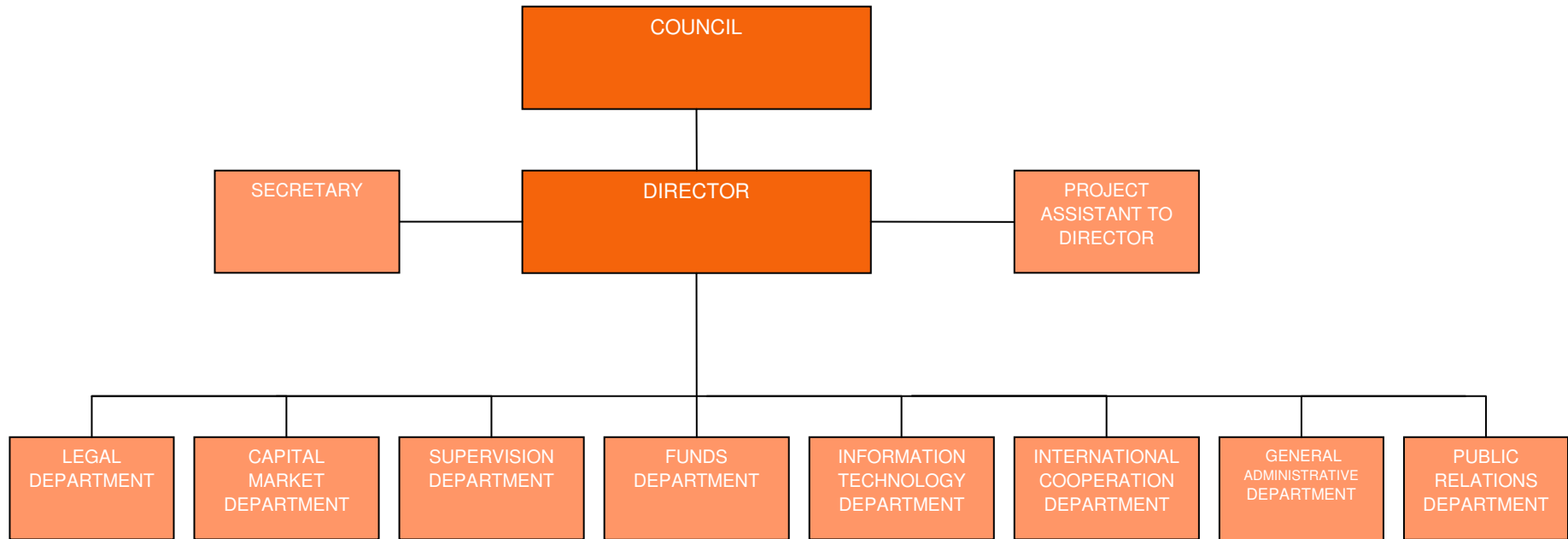


Table 1: List of public companies as of 31 December 2009

	NAME	STREET	TOWN
1	ABANKA VIPA, d.d.	Slovenska cesta 58	Ljubljana
2	AERODROM LJUBLJANA, d.d.	Zgornji Brnik 130a	Brnik
3	AKTIVA NALOŽBE, d.d.	Dunajska 156	Ljubljana
4	ALPETOUR - POTOVALNA AGENCIJA, d.d.	Mirka Vadnova 8	Kranj
5	ALPOS, d.d.	Ulica Leona Dobrotinška 2	Šentjur
6	BANKA CELJE, d.d.	Vodnikova 2	Celje
7	CENTER NALOŽBE, d.d.	Ulica Vita Kraigherja 1	Maribor
8	CETIS, d.d.	Čopova ulica 24	Celje
9	CIMOS, d.d.	Cesta Marežanskega upora 2	Koper
10	CINKARNA, d.d.	Kidričeva 26	Celje
11	D NALOŽBE, d.d.	Šmartinska cesta 52	Ljubljana
12	DATALAB T, d.d.	Koprska ulica 92	Ljubljana
13	DELO PRODAJA, d.d.	Dunajska 5	Ljubljana
14	DEOS, d.d.	Devinska ulica 1	Ljubljana
15	DROGA KOLINSKA, d.d. Ljubljana	Kolinska ulica 1	Ljubljana
16	DARS, d.d.	Ulica 14. Divizije 4	Celje
17	ELMO, d.d.	Vojkova 58	Ljubljana
18	ETOL, d.d.	Škofja vas 39	Celje
19	FACTOR BANKA d.d.	Tivolska cesta 48	Ljubljana
20	FINETOL, d.d., Celje	Škofja vas 39	Celje
21	GORENJE, d.d.	Partizanska 12	Velenje
22	GORENJSKI TISK, d.d.	Mirka Vadnova 6	Kranj
23	GORIŠKE OPEKARNE, d.d.	Merljaki 7	Renče
24	GRAND HOTEL UNION, d.d.	Miklošičeva 1	Ljubljana
25	HELIOS, d.d.	Količevo 2	Domžale
26	HRAM HOLDING, d.d.	Vilharjeva 29	Ljubljana
27	INLES, d.d.	Kolodvorska 22	Ribnica
28	INTEREUROPA, d.d.	Vojkovo nabrežje 32	Koper
29	INTERTRADE ITA, d.d.	Tomšičeva 3	Ljubljana
30	ISKRA AVTOELEKTRIKA, d.d.	Polje 15	Šempeter pri Gorici
31	ISTRABENZ, d.d.	Ulica Zore Perello Godina 2	Koper
32	JAVOR PIVKA, d.d.	Kolodvorska 9a	Pivka
33	JELEN, d.d.	Mestni trg 2	Slovenske Konjice
34	JUTEKS, d.d.	Ložnica 53 A	Žalec
35	KB1909 Societa Finanziaria per Azioni	Via Malta 2	Gorizia, Italy
36	KD, finančna družba, d.d.	Celovška 206	Ljubljana
37	KD GROUP, finančna družba, d.d.	Celovška 206	Ljubljana
38	KOMPAS MEJNI TURISTIČNI SERVIS, d.d.	Pražakova 4	Ljubljana
39	KOŠAKI tovarna mesnih izdelkov d.d.	Oreško nabrežje 1	Maribor
40	KRKA, d.d., Novo mesto	Šmarješka cesta 6	Novo Mesto
41	KS NALOŽBE, d.d.	Dunajska 9	Ljubljana
42	LUKA KOPER, d.d.	Vojkovo nabrežje 38	Koper
43	M1, d.d.	Vojkova 58	Ljubljana
44	MAKSIMA HOLDING, d.d. ,	Trg republike 3	Ljubljana
45	MAKSIMA INVEST, d.d.	Trdinova 4	Ljubljana
46	MARINA PORTOROŽ, d.d.	Cesta solinarjev 8	Portorož
47	MEDVEŠEK PUŠNIK Borzno posredniška hiša, d.d.	Gradnikove brigade 11	Ljubljana
48	MEDVEŠEK PUŠNIK, družba za upravljanje, d.d.	Železna cesta 18	Ljubljana
49	MELAMIN, d.d.	Tomšičeva ulica 9	Kočevje
50	MERCATA, d.d.	Trg republike 3	Ljubljana
51	MLINOTEST, d.d.	Tovarniška ulica 14	Ajdovščina
52	MODRA LINIJA HOLDING, d.d.	Pristaniška ulica 12	Koper
53	NAMA, d.d.	Tomšičeva 1	Ljubljana
54	NFD HOLDING, d.d.	Trdinova 4	Ljubljana
	NAME	STREET	TOWN

55	NIKA, d.d.	Trg izgnancev 1a	Brežice
56	NOVA KREDITNA BANKA MARIBOR, d.d.	Ulica Vita Kraigherja 4	Maribor
57	NOVA LJUBLJANSKA BANKA, d.d., Ljubljana	Trg republike 2	Ljubljana
58	PETROL, d.d., Ljubljana	Dunajska cesta 50	Ljubljana
59	PIVOVARNA LAŠKO, d.d.	Trubarjeva 28	Laško
60	PLAMA-PUR, d.d.	Podgrad 17	Podgrad
61	POSLOVNI SISTEM MERCATOR, d.d.	Dunajska cesta 107	Ljubljana
62	POŠTNA BANKA SLOVENIJE, d.d.	Ulica Vita Kraigherja 5	Maribor
63	POTEZA NALOŽBE, d. o. o.	Železna cesta 18	Ljubljana
64	POTEZA SKUPINA, d.d.	Železna cesta 18	Ljubljana
65	POZAVAROVALNICA SAVA, d.d.	Dunajska cesta 56	Ljubljana
66	PROBANKA, d.d.	Svetozarevska ulica 12	Maribor
67	REPUBLIKA SLOVENIJA	Gregorčičeva ulica 20	Ljubljana
68	SALUS, d.d.	Mašera Spasičeva ulica 10	Ljubljana
69	SAVA, d.d.	Škofjeloška cesta 6	Kranj
70	SID, d.d.	Ulica Josipine Turnograjske 6	Ljubljana
71	SIVENT, d.d.	Štefanova ulica 13a	Ljubljana
72	SKUPINA PRVA, d.d.	Železna cesta 18	Ljubljana
73	SLOVENIJALES, d.d.	Dunajska cesta 22	Ljubljana
74	SLOVENSKA ODŠKODNINSKA DRUŽBA, d.d.	Mała ulica 5	Ljubljana
75	STANOVANJSKI SKLAD REPUBLIKE SLOVENIJE	Poljanska cesta 31	Ljubljana
76	TEKSTINA, d.d.	Tovarniška 15	Ajdovščina
77	TELEKOM SLOVENIJE, d.d.	Cigaletova 15	Ljubljana
78	TERME ČATEŽ d.d.	Topliška cesta 35	Čatež ob Savi
79	TERME DOBRNA, d.d.	Dobrna 50	Dobrna
80	TOVARNA OLJA GEA d.d.	Trg svobode 3	Slovenska Bistrica
81	TRDNJAVA HOLDING, d.d.	Kocenova 2 A	Celje
82	TRDNJAVA 1 HOLDING, d.d.	Kocenova 2 A	Celje
83	TRIGLAV NALOŽBE, d.d.	Slovenska 54	Ljubljana
84	VELANA, d.d.	Šmartinska 52	Ljubljana
85	VIPA HOLDING d.d.	Kidričeva ulica 19	Nova Gorica
86	ZAVAROVALNICA TRIGLAV, d.d.	Miklošičeva 19	Ljubljana
87	ZDRAVILIŠČE ROGAŠKA, d.d..	Zdraviliški trg 14	Rogaška Slatina
88	ZLATA MONETA II, d.d.	Trg Leona Štuklja 12	Maribor
89	ZVON ENA HOLDING, d.d.	Slovenska ulica 17	Maribor
90	ZVON DVA HOLDING, d.d.	Slovenska ulica 17	Maribor

Source: Agency.

Table 2: Granted authorisations for takeover bids in 2009

No.	Acquirer	Target company	Securities targeted in bid
1.	SIRINGA trgovsko podjetje, d.o.o., Ljubljana	LESNINA trgovina s pohištvo, d.d.	ordinary registered no-par value shares 2,325 no-par value shares
2.	PARTNER IN, naložbe in svetovanje, d.o.o., Novo mesto, TRIMO, d.d., Trebnje, NOSAN ZVONE, Brusnice, NOSAN MOJCA, Brusnice	TPV trženje in proizvodnja opreme vozil, d.d., Novo mesto	ordinary registered no-par value shares 14,472 no-par value shares
3.	MODRA LINIJA HOLDING, finančna družba, d.d., Koper, ADRIA NALOŽBE, podjetniško in poslovno svetovanje, d.o.o., Sežana, JUB-H, družba za upravljanje in financiranje, d.d., Dol pri Ljubljani, HOLDING VINO J, d.o.o., Ormož	MITOL, d.d., Sežana	ordinary registered no-par value shares 107,327 no-par value shares
4.	HOLDING VINO J, d.o.o., Ormož	JERUZALEM ORMOŽ Vinogradništvo, vinarstvo, sadjarstvo, d.d., Ormož,	ordinary registered no-par value shares 89,300 no-par value shares
5.	UPC TELEMAH širokopasovne komunikacije, d.o.o., Ljubljana,	UPC Pobrežje, širokopasovne	ordinary registered no-par value shares

	Broadband kabel, elektronske storitve, d.o.o., Ljubljana, Slovenia Broadband S.a.r.l., Luxembourg, UPC Tabor, širokopasovne komunikacije, d.d., Maribor	komunikacije, d.d., Maribor	36,735 no-par value shares
6.	UPC TELEMAH širokopasovne komunikacije, d.o.o., Ljubljana, Broadband kabel, elektronske storitve, d.o.o., Ljubljana, Slovenia Broadband S.a.r.l., Luxembourg, UPC Tabor, širokopasovne komunikacije, d.d., Maribor	CATV podjetje za upravljanje, vzdrževanje, modernizacijo in izgradnjo kabelske televizije, d.d., Maribor	ordinary registered no-par value shares 12,423 no-par value shares
7.	UPC TELEMAH širokopasovne komunikacije, d.o.o., Ljubljana, Broadband kabel, elektronske storitve, d.o.o., Ljubljana, Slovenia Broadband S.a.r.l., Luxembourg, UPC Rotovž, širokopasovne komunikacije, d.d., Maribor	UPC Tabor, širokopasovne komunikacije, d.d., Maribor	ordinary registered no-par value shares 12,423 no-par value shares
8.	UPC TELEMAH širokopasovne komunikacije, d.o.o., Ljubljana, Broadband kabel, elektronske storitve, d.o.o., Ljubljana, Slovenia Broadband S.a.r.l., Luxembourg	UPC Rotovž, širokopasovne komunikacije, d.d., Maribor	ordinary registered no-par value shares 4,021 no-par value shares
9.	UPC TELEMAH širokopasovne komunikacije, d.o.o., Ljubljana, Broadband kabel, elektronske storitve, d.o.o., Ljubljana, Slovenia Broadband S.a.r.l., Luxembourg	UPC Ljubljanski kabel širokopasovne komunikacije, d.d., Ljubljana	ordinary registered no-par value shares 680 no-par value shares
10.	UPC TELEMAH širokopasovne komunikacije, d.o.o., Ljubljana, Broadband kabel, elektronske storitve, d.o.o., Ljubljana, Slovenia Broadband S.a.r.l., Luxembourg	UPC Velenje, širokopasovne komunikacije, Velenje d.d.,	ordinary registered no-par value shares 3,701 no-par value shares
11.	MSIN, d.o.o., družba za svetovanje in investiranje, Ljubljana, EGP Embalažno grafično podjetje, d.d., Škofja Loka	PRIMOŽ TRUBAR, založništvo, d.d., Kranj	ordinary registered no-par value shares 69,584 no-par value shares
12.	ENERGOPLAN gradbeno podjetje Ljubljana, d.d., Ljubljana	SLOVENIJAVINO, podjetje za trgovino in storitve, d.d., Ljubljana	ordinary registered no-par value shares 252 no-par value shares

Source: Agency.

Table 3: List of brokerage companies and banks that held the authorisation to provide securities-related services (the ZTVP-1) or investment services or financial instrument services (the ZTFI) as of 31 December 2009

No.	Bank/ brokerage company	Authorisation (pursuant to the ZTVP-1 or the 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, BPD, d.d.*	1,9,10,12,13	/
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.	HYPO ALPE-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 BANKA, 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	✓
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.	POTEZA, borzno posredniška družba, d.d.	1, 2, 3, 4, 5, 6, 7, 9, 10, 11	✓
20.	PRIMORSKI FINANČNI CENTER INTERFIN, d.o.o.	1, 2, 6, 7, 9 10 11	✓
21.	PROBANKA, d.d.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11	✓
22.	PUBLIKUM investicijske storitve, d.d.	1, 2, 3, 4, 5, 6, 7, 9, 10, 11	✓
23.	RAIFFEISEN BANKA, d.d.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11	✓
24.	SKB banka, d.d.	1, 3, 4, 5, 6, 7, 8, 9, 10, 11	✓
25.	UNICREDIT BANKA SLOVENIJA, d.d.	1, 2, 3, 5, 6, 7, 9, 10, 11	✓
26.	BANKA VOLKSBANK, d.d.	3, 4, 6, 7, 10, 11	/

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

Source: Agency

Key:

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

1. Brokerage;

2. Securities portfolio management;
3. Performance of initial offerings of securities without a firm commitment basis;
4. Performance of initial offerings of securities on a firm commitment basis;
5. Services with regard to the admission of securities for trading;
6. Investment advice;
7. Management of book-entry securities accounts;
8. Safekeeping of securities;
9. Services related to takeovers;
10. Transmission of orders;
11. Dealing on one's 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 one's 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 initial or subsequent underwriting of financial instruments a firm commitment basis.

Table 4: Number of investment funds and amount of assets under management, as of 31 December 2009

Asset management company - MC	Value (in EUR)	Share (in %)	Number of IFs under management
KD Skladi	425,259,001	19.04	18
Triglav DZU	425,249,528	19.04	10
NLB Skladi	308,736,512	13.82	15
NFD DZU	236,446,621	10.59	9
KBM Infond	213,975,206	9.58	10
Probanka upravljanje	110,200,860	4.93	9
Publikum PDU	78,313,419	3.51	11
Abančna DZU	72,745,415	3.26	11
Medvešek Pušnik DZU	72,568,570	3.25	11
Ilirika DZU	68,787,987	3.08	10
DUS Krona	60,433,061	2.71	1

Primorski skladi	60,306,727	2.70	4
Perspektiva DZU	55,965,790	2.51	7
Krekova DZU	44,620,317	2.00	6
Total	2,233,609,014	100.00	132

Source: Agency

Table 6: Number of procedures for offences and sanctions imposed, number of procedures for the withdrawal of an authorisation and other prohibitions and issued decisions for the period between 1 January 2009 and 31 December 2009

Supervised entity or activity	Offences					Decisions (withdrawals, prohibitions etc.)		
	started procedures	stopped procedures	issued decisions	Sanctions imposed		warnings issued	started procedures	issued decisions
				finances	reminder			
Brokerage companies		1	1	2				
Banks								
Management companies	1		14	31	3			1
Mutual pension funds								4
Ljubljana Stock Exchange								
KDD								
Brokers							1	1
Members of management boards								
Public offering of securities	3	1	3		6			
Public companies	2		2		4	2		
Takeovers		2	17	28	5		1	4
Pension companies								
Non-licensed entities			1		2			
Trading in specific securities								
Total	6	4	38	61	20	2	2	10

Source: Agency.

Table 7: Number of started supervision procedures, issued orders to eliminate violations and warnings for the period between 1 January 2009 and 31 December 2009

Supervised entity or activity	Type of supervision									Total		
	reporting			inspection of operations			based on client's report					
	started procedures	orders	warnings	started procedures	orders	warnings	started procedures	orders	warnings	started procedures	orders	warnings
Brokerage companies	58	2	1	3			1			62	2	1
Banks	1			3						4		
Management companies	21	3		7	6					28	9	
Mutual pension funds												
Ljubljana Stock Exchange	2									2		
KDD	2									2		
Brokers												
Members of management boards												
Public offering of securities												
Public companies	10	2	1	3						13	2	1
Takeovers	7			5						12		
Pension companies												
Non-licensed entities	12	2		2						14	2	
Trading in specific securities	21									21		
Total	134	9	2	23	6	0	1	0	0	157	15	2

Source: Agency.

