

Re: The European Federation of Investors and Financial Services Users supports the Pan-Slovenian Shareholders' Association (VZMD) to oppose Slovenian Government legislative proposals against the interests of small Slovenian shareholders

C/C: - Dr Miro Cerar, Prime Minister of the Republic of Slovenia
- Ugo Bassi, Director, Directorate-General for Financial Stability, Financial Services & Capital Markets Union at European Commission
- Tilman Lueder, Head of Securities Markets Unit, DG FISMA, European Commission

**Highly esteemed Sirs and Madams,
Members of the National Assembly of the Republic of Slovenia,**

The European Federation of Investors and Financial Services Users ("Better Finance") is the dedicated representative of financial services users at European level. It counts about fifty national and international members and sub-member organizations, in turn comprising about 4.5 million individual members.

It has been brought to our attention by the Pan-Slovenian Shareholders' Association (VZMD), which is one of our most engaged and dedicated members, that the Republic of Slovenia intends to enact severe restrictions in the upcoming months through the amendments of the markets in Financial Instruments Act (ZTFI-G) that will seriously jeopardize the ability of the Pan-Slovenian Shareholders' Association to further act as an advocate and custodian of legitimate interests of minority shareholders and individual investors. The service currently offered by VZMD is the only way for small shareholders not to see their small shareholdings wiped out by intermediaries' fees in a few years' time.

We are alarmed by the intensity of the legislative intervention focused predominantly on one single outstanding project whereby the Pan-Slovenian Shareholders' Association sought to mitigate the harsh consequences stemming from the cancellation of the free registry (direct holder type) securities accounts of minority shareholders. It is our understanding that the amendments are aimed at outlawing the current practice of the Pan-Slovenian Shareholders' Association which is very well-received among hundreds of Slovenian shareholders and which enables the holding of securities through a securities account of an attorney under the very same conditions and safeguards as those holdings enabled for the established financial institutions.

We would like to emphasize that the safeguard and protection of minority shareholders' rights is not an exclusive privilege of large financial institutions. Independent associations of shareholders are perfectly capable of taking care of their members' interests without the patronizing and often costly attitude of established financial institutions.

More specifically, we would like to draw your attention to the provisions of the Regulation (EU) No 909/2014 of the European parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012, especially the provisions of Article 38 of the said Regulation. Paragraph 5 of Article 38 reads: "A participant shall offer its clients at least the choice between omnibus client segregation and individual client segregation and inform them of the costs and risks associated with each option. However, a CSD and its participants shall provide individual clients segregation for citizens and residents of, and legal persons established in, a Member State where required under the national law of the Member State under which the securities are constituted as it stands at 17 September 2014."

It is perfectly clear therefore that after 17 September 2014 no additional restriction of omnibus client accounts may be adopted by laws of Member States. The envisaged amendments to the Article 255 of the Market in Financial Instruments Act (ZTFI-G) that seek to limit the ability of independent and not for profit shareholders' associations to procure for the attorney omnibus accounts constitute such restrictions and are therefore in breach of *acquis communautaire*.

We sincerely hope that additional considerations shall be given to such a proposal and that concerns raised within this letter shall be remedied.

Please accept the expression of our highest consideration,

Yours faithfully,



Guillaume Prache
Managing Director
Better Finance