

WITHSTANDING THE MONOPOLIZATION OF PROFESSIONAL SUPPORT FOR SHAREHOLDERS: “Share SUPPORT”

1. VZMD firmly believes that every shareholder should be able to hold shares and exercise the rights stemming therefrom WITHOUT MANDATORY intervention of FINANCIAL INTERMEDIARIES. The latter have: (i) a long history of failing their customers whose interests should serve as their guidance and (ii) a »repute« for being excessively expensive.
2. In the Republic of Slovenia, direct holding and exercise of shareholders rights has been enabled for two decades (since the abolition of »common« socialist ownership). However, a push from financial intermediaries in early 2016 stimulated by the European harmonization process (Target2-Securities) brought this to an end. Namely, every shareholder needed to nominate a financial intermediary to operate his securities account, or else face losing the shares entirely. The measure has been upheld by the Slovenian constitutional court. It is not to be overlooked that the state itself carved out its »share« by regulating that the shares thus »abandoned« should accrue to a governmentally held enterprise. According to the latest data available, this measure would affect more than 80,000 shareholders holding over 30 mio EUR worth of shares altogether.
3. In response, VZMD established “Share SUPPORT” scheme seeking to mitigate the harsh consequences stemming from the elimination of free holding of shares for over 230,000 small shareholders, providing small shareholders with the means to avoid the wiping out of their shares' value through the fees charged by financial intermediaries. Namely, the statutory provision regulating maximum fees to be charged by financial intermediaries for operating the small shareholders' securities account was disregarded by the financial intermediaries as well as the Securities Market Agency! Moreover, just recently the constitutional court annulled the provision itself.

4. The “*Share SUPPORT*” scheme is based on professional support offered to minority shareholders from an attorney-at-law who is engaged by VZMD and who distinguished herself in prior proceedings in support of minority shareholders. The attorney holds share collectively *in fiducia* and is able to collectively represent minority shareholders' interest in relation to joint stock companies AND in relation to FINANCIAL INTERMEDIARIES as well. The latter feature we consider to be of utmost importance since it nears quasi »shareholders union« and »collective bargaining« process of persons that would otherwise be economically inferior. The recognition that financial intermediaries do not act as agents of small shareholders, but rather as their counterparty and thus minority shareholders could and should be able to organize themselves collectively using other professional support than that of financial intermediaries’.
5. The “*Share SUPPORT*” proved itself to be the most favourable in terms of costs incurred by minority shareholders and the most engaged for the strict exercise of minority shareholders’ rights. It has even broadened its activities to collective selling and buying transactions, where attainable synergy has been realized to the benefit of minority shareholders. However, a decision to buy or sell the shares remains ultimately in the domain of an individual minority shareholder.
6. Having been thus successful, it is regrettable that the financial intermediaries using the cover of Securities Market Agency have once again launched an initiative to outlaw any alternative to them. As the “*Share SUPPORT*” is practically the only available alternative, the initiative is clearly aimed at bringing down the “*Share SUPPORT*”. VZMD intends to withstand such blows and overcome such adverse currents. Every support in this quest is highly valuable.
7. VZMD would consider it to be of even greater value if schemes similar to “*Share SUPPORT*” appeared in similar environments to the Slovenian (e.g. Croatian, Czech). VZMD thus appeals to all who wish to follow the good practice established in the Republic of Slovenia to commit themselves thereto and offers its undaunting support in such a process.

“Share SUPPORT” in more detail

Own and personal

“Share SUPPORT” maintains the individual and personal character of securities ownership. The value of securities to which an individual owner is entitled will in no way and never depend on the value of securities owned by other owners. There will be no mixes, mix-ups, "soup sandwiches" and other "communal" or partner solutions. The owner will not join any community or company, or enter into any legal relationship with other owners, except with VZMD only.

Proven

The exercising of rights from securities transferred to “Share SUPPORT” will be conducted by the PanSlovenian Investors' & Shareholders' Association ([VZMD](http://www.vzmd.si)), which has more than a 10-year tradition on the Slovenian capital market, and skills demonstrated in legislative and related procedures as well as in numerous public limited companies. Thus far, VZMD has successfully represented more than 150,000 shareholders in hundreds of different cases. VZMD is a long-standing full member of all related international associations and actively engages in their activities also by participating in executive boards - among others, of the European Federation of Investors and Financial Services Users ([Better Finance](http://www.betterfinance.eu)), and the World Federation of Investors ([WFI](http://www.wfi.org)).

One responsible

The securities transferred to “Share SUPPORT” will be legally separated from VZMD's securities as they will be registered on a special (fiduciary) account of a selected attorney. Therefore, the securities will be protected from potential other creditors of VZMD or the selected attorney.

Rational

To participate in “Share SUPPORT”, the owner who is a minority shareholder will pay a fee, which is guaranteed to be, in the long-term, the lowest possible for the maintenance of the securities ownership on the Slovenian capital market, therefore as many as possible minority shareholders will be able to decide to keep their shares.

Active

By participating in “Share SUPPORT”, owners will receive active support in exercising the rights and interest arising from their securities as well, including competent representation at general meetings, announcing and carrying out disputes for the protection of owners' rights (legal and other proceedings), and exercising other management rights regarding securities.

Video Presentation of "Share Support" (in Slovene):

