

## **Abstract:**

The investor compensation scheme is one of the indispensable elements contributing to the stability of capital markets. Protection of retail investors by providing the minimal guarantee in case of investment firm's inability to return securities or money to investors became an essential instrument in order to restart the economy, particularly in times of economic recession. Given the transboundary nature of investments a single European legislation is not only appropriate, but also practically necessary measure to restore investors' confidence in investment firms and to increase the competitiveness of markets in financial services within the European continent. The investor compensation scheme is still not receiving full attention of Czech legal theory, therefore it is one of the ambitions of this thesis to provide its comprehensive analysis. The aim of my thesis is also to compare whether the Czech legislation of Securities Brokers Guarantee Fund complies with the requirements of European legislation and to analyse proposal for a directive of the European Parliament and of the Council amending Directive 97/9/ES on investor-compensation schemes and its effect on Securities Brokers Guarantee Fund. This thesis is composed of five chapters. Chapter One deals with the genesis of the investor compensation scheme in the Czech Republic and summarizes the most important legislation affecting the existence of Guarantee Fund up to date. Chapter Two discusses generally Guarantee Fund and its sub-sections describe the organisational structure and the entities involved in the domestic investor compensation scheme. The purpose of Chapter Three is to explore the activities of Guarantee Fund, starting by obtaining contributions up to compensation of eligible claims and claimants. The emphasis is on funding arrangements and analysis of models and methods of funding the investor compensation scheme. Chapter Four focuses on the development of the system from the perspective of European law. The author analyses the Commission's proposal amending Directive ICS and assesses its impact on the investor compensation scheme. The last Chapter Five summarizes the findings obtained from legislation, case law and doctrinal views and together with the section entitled Conclusion reflects possible future evolution of Guarantee Fund in the Czech legal environment and proposes changes *de lege ferenda* appropriate to streamline the investor compensation scheme.