Legal update

December 2025

Weinhold Legal

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The information contained in this bulletin is presented to the best of our knowledge and belief at the time of going to press. However, specific information related to the topics listed in this bulletin should be consulted before any decisions are made.

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Legislative news

Amendment to the Act on Investment Companies and Investment Funds

On November 7, the Government submitted a draft law amending Act No. 240/2013 Coll., **on Investment Companies and Investment Funds**, and other related acts. The main objective of this amendment is the transposition of Directive (EU) 2024/927 of the European Parliament and of the Council, known as **AIFMD II**, which amends the directives on alternative investment fund managers and the directive on the coordination of laws, regulations, and administrative provisions relating to undertakings for collective investment in transferable securities.

The changes in the proposed amendment primarily concern:

- Liquidity management tools,
- Funds acquiring receivables from fund loans,
- The European depositary passport,
- Provision of new services, and
- Delegation to third parties.

The proposed regulation introduces an obligation for managers of open-ended funds to select and specify in the statute at least two **liquidity management tools** from the statutory list. For money market funds, the obligation applies to introduce at least one of these tools. Tools such as the suspension of issuance and redemption or the segregation of assets, i.e., so-called **Side Pockets**, may be used only in exceptional cases and if circumstances require it with regard to the interests of investors.

The amendment further regulates rules for **funds acquiring fund loans**, including so-called loan-originating funds. The bill sets requirements for the governance and control system of the manager of such funds and imposes obligations regarding credit risk assessment and the administration and monitoring of the credit portfolio. Among the proposed changes is the introduction of risk management requirements and rules for preventing conflicts of interest. For example, funds must retain 5% of the value of each granted and subsequently assigned receivable for at least 8 years, or until maturity; this is the so-called "skin-in-the-game" rule.

For loan-originating funds, the amendment also adjusts limits relating to the use of leverage. For open-ended funds, the limit for the use of external assets will be 175%, and in the case of closed-ended funds, 300%. According to the amendment, loan-originating funds should generally be of a closed-ended type. They may be open-ended only if they can prove to the Czech National Bank (CNB) that their liquidity risk management system is compatible with their investment strategy and redemption rules.

Concentration Risk Funds will also be affected by a change aimed at reducing concentration risk. The draft law stipulates that the nominal value of receivables from fund loans to a single borrower or debtor must not exceed 20% of the fund's capital in aggregate. This restriction applies to selected entities, such as credit institutions, insurance companies, securities dealers, and other investment funds.

Within the regulation of the cross-border provision of depositary services, the proposal should allow a foreign bank with its registered office in another EU Member State, which does not have a branch in the Czech Republic, to be a depositary of a special fund or a fund of qualified investors. Utilizing this option requires a positive decision from the CNB, which will issue it primarily if the existing offer in the Czech Republic is unable to cover the needs of the fund in question with regard to its investment strategy.

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The draft law also **expands the scope of activities** that an investment company or a self-managed investment fund may perform. Investment companies will newly be able to manage non-performing loans or act as benchmark administrators. Reporting obligations are tightened in the case of delegating the performance of activities to another person (outsourcing).

The law abandons the regime of **prior approval of executive officers** and moves to a more efficient notification model. The manager or administrator of the fund must notify the CNB of the future appointment of an executive officer to a function at least 30 working days in advance. The CNB subsequently assesses suitability. If the CNB has reasonable doubts about the person's suitability, it may initiate administrative proceedings and prohibit the person's appointment to the function until the proceedings are validly concluded.

The draft amendment also contains some other significant changes, such as the cancellation of the minimum capital requirement for an investment fund or the cancellation of public oversight over the committee of experts for property valuation.

The primary **effectiveness** of the changes is set for **April 16, 2026**. Some key reporting obligations related to outsourcing and data transparency have a deferred effectiveness until April 16, 2027. This reflects the necessity of finalizing subsequent implementing technical standards by the European Commission.

Case law updates

Is designating an online marketplace as a very large online platform and the imposition of related obligations proportionate?

(Judgment of the General Court (Seventh Chamber, Extended Composition) in Case T-367/23 of November 19, 2025)

The General Court of the European Union dealt with an action by Amazon, which challenged the decision of the European Commission designating the Amazon Store service as a "Very Large Online Platform" ("**VLOP**") within the meaning of Regulation (EU) 2022/2065 on a Single Market For Digital Services ("DSA"). Amazon questioned the legality of this designation and the associated obligations, particularly with regard to the freedom to conduct business, privacy protection, and equal treatment.

The General Court rejected Amazon's argument that online marketplaces do not present systemic risks comparable to the banking sector. The aim of the DSA is to mitigate risks to society as a whole, primarily risks associated with the dissemination of illegal content and consumer protection, if the platform reaches a significant part of the EU population (over 45 million average monthly users). The General Court confirmed that marketplaces can also be misused to disseminate dangerous products or illegal content.

The General Court confirmed the legality of the obligation to provide users with at least one option for a recommender system that is not based on profiling or the processing of personal data. Although this represents an interference with the freedom to conduct business, the Court found this measure proportionate with regard to the goal of ensuring a high level of consumer protection and preserving freedom of choice for users.

Amazon challenged the obligation to publish an advertisement archive with details about advertisers and targeting as an interference with trade secrets and privacy. The General Court decided that this obligation is, however, necessary for transparency and public scrutiny, e.g., within the framework of protecting minors from inappropriate advertising, and stated that the published data do not constitute a disproportionate interference with the essence of the right to privacy or business.

The General Court did not find it discriminatory that stricter rules apply to Amazon, as a VLOP, than to smaller platforms or sellers. Large platforms have a different social impact and risks, which justifies differential treatment. The General Court dismissed Amazon's action in its entirety.

Interpretation of the agreed place of work

(Judgment of the Supreme Court of the Czech Republic File No. 21 Cdo 185/2025 of August 27, 2025)

The Supreme Court addressed a dispute regarding the invalidity of an immediate termination of employment due to unexcused absence. The core of the dispute was the question of the agreed place of work. The employment contract formally stated Prague as the place, but the employee actually worked in Hodonín, where the employer had advertised the job position at the time of recruitment. After the employer ceased operations in Hodonín, it called upon the employee to work in Prague. The employee refused, and the employer subsequently terminated his employment for absence.

The lower courts ruled in favor of the employer, referring to the text of the employment contract, which they described as unambiguous. However, the Supreme Court overturned these decisions.

The Supreme Court emphasized that when interpreting a legal act, it is necessary to examine the **actual will of the parties**, even if the text of the contract appears unambiguous. The courts should have taken into account what preceded the act, in the form of an advertisement for work in Hodonín, and the subsequent practice of the parties, where the actual performance of work took place in Hodonín. If it were proven that the actual intention of both parties was to agree on the place of work in Hodonín, the stipulation regarding Prague could be assessed as a simulated legal act.

The conclusion regarding unexcused absence in Prague was therefore, according to the Supreme Court, premature. The Supreme Court emphasized that if the court in subsequent proceedings confirmed that the actual place of work was Hodonín, the requirement to perform work in Prague would not be valid. The inability of the employer to assign work at the actually agreed place of work would then constitute an obstacle to work on the employer's side, not a breach of work duty by the employee that would justify immediate termination of employment.