



ZAGREBAČKA BURZA
THE ZAGREB STOCK EXCHANGE

RULES

This text represents the Rules of the Zagreb Stock Exchange which the Croatian Financial Services Supervisory Agency approved on June 18th, 2009

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ZAGREB, MMIX



ZAGREBAČKA BURZA
THE ZAGREB STOCK EXCHANGE

RULES

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ZAGREBAČKA BURZA
THE ZAGREB STOCK EXCHANGE

RULES

1 GENERAL PROVISIONS

1. These Rules shall be applied in complement to the laws and other applicable regulations of the Republic of Croatia which govern the issues dealt with by the Rules.
2. These Rules shall regulate the following matters:
 1. scope and organization of business,
 2. membership:
 - a. admission to membership,
 - b. suspension of membership.
 - c. termination of membership,
 3. types and methods of trading, including any provisions on the clearing and settlement systems, which Member firms may use to settle executed transactions,
 4. publication of trading data,
 5. financial instruments which may be traded on the Regulated market and the multilateral trading platform managed by the Exchange, including the provisions on:
 - a. listing of financial instruments and
 - b. temporary suspension of and removal from trading,
 6. trading supervision, including disclosure and procedure in respect of market abuse.
3. Along with these Rules, other regulatory Exchange documents referred to in the Rules or adopted by the Exchange as part of its competence shall also apply.

1.1 OBJECTIVES AND PRINCIPLES

4. In the application and interpretation of these Rules, the following objectives to be achieved and the principles to be adhered to must be observed:

1. Investor protection;
2. Fair, just and transparent market;
3. Reduction of systemic risk;
4. Prevention of conflicts of interest which might arise among:
 - a. Member firms,
 - b. Exchange shareholders,
 - c. issuers,
 - d. retail investors, and
 - e. institutional investors.
5. Attaining information balance among all market participants.

1.2 SCOPE AND ORGANIZATION OF BUSINESS

5. The Exchange shall engage in the following business activities related to the capital market trading which are regulated by the Rules:

1. Regulated market management,
2. MTP management, and
3. any tasks related to the activities set out under 1 and 2 of this Article, such as:
 - a. publication of data related to trading,
 - b. tasks related to the development and maintenance of the software support to trading.

6. The internal organization of the Exchange shall be defined by the Internal Organization and Job Structure Ordinance of the Zagreb Stock Exchange, Inc.

1.3 DEFINITIONS

7. For the purpose of these Rules, the following terms shall have the meaning stated below, unless it has been stipulated otherwise in particular cases in certain sections of the Rules:

1. **Block trade** – prearranged transaction in accordance with the provisions of ZTK;
2. **Exchange** – Zagreb Stock Exchange, Inc.;

3. **Member firm** – member of the Exchange;
4. **Institutional Settlement System** – clearing and settlement system through which transactions conducted on the Exchange are settled as part of the institution which organizes clearing and settlement;
5. **Instrument** – financial instrument which is traded on the Regulated market or the MTP managed by the Exchange;
6. **Client** – person or entity to which the Member firm provides services as part of its business activity;
7. **Order book** – part of the Trading System which contains all the Orders that have not been turned into Transactions;
8. **Code of corporate governance** – Code written by the Exchange and HANFA, and posted on the Exchange's website;
9. **Material fact** – information of a precise nature which directly or indirectly concerns one or more Issuers of the Instruments traded on the Exchange or one or more Instruments traded on the Exchange and which is likely to have a significant influence on the prices of the Instruments or on the prices of related derivatives where such a probability of significant influence is deemed to exist if a reasonable investor would take such information into account as part of the grounds for taking investment decisions;
10. **Measures to protect market integrity** – measures which the Exchange is authorized to take with respect to Issuers or Member firms for the purpose of current and future protection of a fair and just market;
11. **Order** – instruction to sell or buy which the Member firm has entered in the Trading System of the Exchange;
12. **List of insiders** – list set out in Article 463 of ZTK;
13. **Inside information** – material fact which is not available to the public;
14. **Rights** – securities which entitle to specific shares and equity holdings from the portfolio of the Croatian Privatization Fund, the State Agency for Deposit Insurance and Bank Rehabilitation and the Croatian Pension Insurance Institute;
15. **Rules** – these Rules of the Exchange;

16. **Admission to Trading** – procedure which enables the start of Trading in the Instrument on the MTP;
 17. **Admission Fee** – one-time fee payable for being admitted to membership;
 18. **Listing Prospectus** – document to be prepared and made public by the Issuer when listing Instruments, if and when stipulated by the regulations of the Republic of Croatia;
 19. **Specialist** (market maker) – Member of the Exchange which assumes special responsibilities with respect to substituting liquidity in particular shares by continually submitting Buy/Sell orders for the respective shares;
 20. **Parties to Transaction** – Member firms, one of which has issued a Buy order and the other a Sell order for the Instrument via the Trading System, when such orders result in a Transaction;
 21. **Member Suspension** – measure to prevent the Member firm from participating in Trading on the Exchange;
 22. **Instrument Suspension** – measure to prevent trading in a particular Instrument on the Exchange;
 23. **Transaction** – legal operation of buying/selling Instruments which results from matching Buy and Sell orders in line with the provisions of the Rules;
 24. **Trading** – procedure of issuing Buy and Sell order and conducting Transactions in the Instruments on the Exchange or via the Trading System;
 25. **Trading System** – electronic Trading System of the Exchange which enables:
 - a. Issuing Orders and conducting Transactions in the Instruments;
 - b. Distribution of particular information;
 - c. Exchange of particular messages.
 26. **Listing** - procedure which enables the start of Trading in particular Instruments on the Regulated market;
8. For the purpose of the Rules, the foregoing terms shall have the meaning stated hereinabove if capitalized.
9. In the event that companies have a monistic structure, in line with the provisions of the ZTD, the term "management" shall refer to the executive directors who are members of the management board while the terms "supervisory board" and

"management and supervisory board" shall refer to the management board.

1.4

ABBREVIATIONS

10. For the purpose of the Rules, the following abbreviations shall have the meaning stated below:

1. **HANFA** - Croatian Financial Services Supervisory Agency
2. **MTP** - multilateral trading platform of the Exchange
3. **PM** - Prime Market;
4. **SKDD** - Central Depository and Clearing Company d.d, Zagreb;
5. **RT** - Regular Market;
6. **ST** - Official Market;
7. **TP** - Rights Market;
8. **ZIF** - Closed-end investment fund;
9. **ZTD** - Companies Act;
10. **ZTK** - Capital Markets Act.

2 MEMBERSHIP

11. Any investment company and credit institution set out in Article 301 paragraph (1) of ZTK may become a member of the Exchange provided that it meets the criteria stipulated by the regulations of the Republic of Croatia and these Rules.

12. Member of the Exchange is authorized to trade in the Instruments for which it is licensed by HANFA and which:

1. are listed on the Regulated market, and
2. have been admitted to trading on the MTP.

13. The Exchange may allow individual Member firms which meet the criteria stipulated by the Exchange's documents, provisions of ZTK and of HANFA's Ordinance to act as Specialists (market makers) in respect of particular Instruments traded on the Exchange.

14. The Exchange shall be responsible for deciding on admission to membership.

15. The Exchange shall set the following:

1. Amount of Admission fee,
2. Amount of fee charged by the Exchange in relation to the approval for the transfer of Member seats, and
3. Amount of Membership fee and accounting period for its payment (annual, semi-annual, quarterly or monthly).

16. By gaining membership of the Exchange, the Member firm agrees irrevocably to comply with the Rules and other regulatory Exchange documents.

2.1 ACQUIRING MEMBERSHIP

2.1.1 METHOD

17. Member Status may be gained solely by being admitted to Membership by the Exchange.

18. Prerequisites for acquiring membership are:

1. that the potential member holds a Member seat, and
2. that the potential member meets membership criteria.

19. Each Member firm may hold only one Member seat, except in the event of a merger or amalgamation of two or more legal persons which hold Member seats.

20. Member seat may only be acquired for the purpose of membership of the Exchange, specifically:

1. from the Exchange, or
2. from another party which acquired the Member seat earlier, subject to a prior consent of the Exchange.

21. Without prejudice to the provisions of Article 20 above, membership may also be acquired in the process of division of the legal person which holds one or more Member seats.

22. Membership may not be acquired by succession.

2.1.2 PROCEDURE

2.1.2.1 Application for Membership

23. Any person wishing to become a Member shall submit an Application to the Exchange and state the manner in which it wishes to acquire Member status.

24. Enclosed with the Application it shall submit the following documents as proof that it meets the criteria for Membership:

1. Extract from the court register;
2. Filled-out questionnaire stipulated by the Exchange;
3. Brief overview of past operations and plans for future activities on the capital market;
4. License granted by HANFA to confirm that it meets the criteria for acquiring membership of the Exchange which have been stipulated by the provisions of ZTK and other regulations;
5. Proof that it holds a Member seat or that it will procure it in a timely manner;
6. Other documents, in accordance with a special resolution of the Exchange.

25. The applicant will be informed in writing of the decision to approve or reject its Application within 30 days of its submission.

26. The Exchange resolution to reject the Application must be properly explained.

2.1.2.2 Post-approval procedure

27. Immediately, i.e. upon receiving a resolution on the Application approval, the Applicant shall:

1. sign agreements with the Exchange to regulate Membership and other relations with the Exchange;
2. pay the amount of Admission fee set in the Exchange resolution in favour of the Exchange account;

3. submit to the Exchange any documents of payment security, if and when necessary in line with Exchange documents;
4. submit to the Exchange the proof that it meets technical requirements for the use of clearing and settlement services provided by SKDD or other Institutional clearing and settlement system, in line with the provisions of ZTK and of HANFA's and Exchange documents;
5. initiate a procedure designed to secure technological requirements for connecting to the Trading System.

28. In the event of failure by the Applicant to meet the criteria set out in Article 27 above within 7 days of receiving the resolution approving the Application, the Exchange reserves the right to rescind its decision to admit the new Member without stating the reason.

29. The Exchange will notify the potential Member upon applying, or earlier if necessary and requested by that Member, of the estimated time necessary to secure technological requirements for connecting to the Trading System, as a prerequisite for participation in the trading.

2.2 ORGANIZATION, STAFF AND TECHNICAL REQUIREMENTS TO BE MET BY MEMBER FIRMS

2.2.1 ORGANIZATION REQUIREMENTS

30. Member firms are required to meet organization requirements for the provision of investment services and the performance of investment activities and ancillary services which are stipulated by law and the ordinances passed by HANFA and/or other competent bodies.

2.2.2 STAFF REQUIREMENTS

31. The Member firm shall employ at least one licensed broker or investment adviser who has completed training for the use of the Trading System.

32. In the event that the Member firm performs Specialist (market maker) activities, the licensed broker or investment adviser of the Member firm who performs such activities shall complete special education for specialist trading activities.

2.2.3 TECHNICAL REQUIREMENTS

2.2.3.1 Member's software enabling communication with the Trading System

33. The software enabling communication with the Trading System must be approved by the Exchange.

34. Member firms shall make sure that the software which they use in the communication with the Trading System complies with the communication protocols among computers defined by the Exchange, and that it is constantly updated in order to comply with any modifications of the protocols introduced by the Exchange.

2.2.3.2 API

35. The API (OMX X-Stream Open Application Programming Interface) is the software solution (interface) and documentation which enables the Member firm to communicate with the Exchange's Trading System by using its own software solutions in a predefined manner, and to take certain data from or exchange certain data with the Trading System.

36. The Exchange will allow each Member firm, under the same terms and in a non-discriminatory fashion, to use the API services according to the provisions of these Rules and the agreement with the Member firm.

2.2.3.3 Member's Technical equipment

37. The Member's technical equipment must at any time comply with the specifications stipulated by the Exchange. Should the Technical equipment used by the Member firm fail to ensure constant and reliable communication with the Trading System, the Exchange may prevent the Member firm from connecting to the Trading System until the Technical equipment is aligned with the standards required by the Exchange.

2.2.3.4 Costs

38. Any costs related to the installation and use of Technical equipment (including the cost of communication with the Trading System) shall be paid by the Member.

2.2.3.5 Location, maintenance and use of the equipment

39. Any details related to the location, maintenance and use of the hardware, software, telecommunication and other equipment which constitutes the Trading System or enables its functioning as well as any Member obligations in respect thereof shall be defined by the Exchange.

2.2.3.6 Equipment testing

40. Prior to the start of its use as well as following any modifications, the Technical equipment must be tested. Testing shall be conducted in the manner and according to the procedures defined by the Exchange.

41. The Exchange is authorized to conduct testing of the Technical equipment and communication links. The Member firm is required to participate in the testing at the Exchange's request. Testing may be conducted outside office hours.

42. When the Member firm requests testing by the Exchange of certain equipment or software, the costs of such testing (Exchange fee and other costs) shall be paid by the Member. The testing does not provide absolute guarantee that no problems will or may recur in the future as a result of the circumstances unforeseen in the course of testing.

43. In order to ensure trading continuity, the Member of the Zagreb Stock Exchange which uses its own interface for trading while using the API or any other service, shall leave at least one instance of the official programming interface designed for trading on the Zagreb Stock Exchange via the X-Stream TraderWorkstation application.

2.3 TERMINATION OF MEMBERSHIP

44. Membership may terminate for the following reasons:

1. Member's cessation as a legal person;
2. Termination from Membership;
3. Voluntary resignation of Membership;
4. In other cases, if stipulated by law and other regulations.

2.3.1 TERMINATION OF MEMBERSHIP FOR FAILURE TO MEET MEMBERSHIP CRITERIA

2.3.1.1 Permanent termination

45. In the event of permanent failure by the Member firm to meet the criteria for Membership, the Management Board of the Exchange will pass a resolution to terminate Membership.

2.3.1.2 Suspension (temporary termination of Membership)

46. In the event of temporary failure by the Member firm to meet the criteria for Membership, the Management Board of the Exchange will pass a resolution to suspend Membership temporarily until such a time as the Member firm can meet the criteria for Membership again. In the course of suspension, the

Member has no right to outline the fact of Membership in its correspondence or any other manner, or to use the Exchange's logo.

47. During the temporary suspension of Membership, the Member firm shall pay to the Exchange the Membership and other fees (if applicable) according to the Exchange's price list.

48. If the Member firm has been suspended for a period of more than 12 months, such a Member will be deemed to have ceased to meet the criteria for Membership permanently.

2.3.2 TERMINATION OF MEMBERSHIP AS A SANCTION

49. Permanent or temporary termination of membership (suspension) may be imposed on the Member, in accordance with the provisions of these Rules, as a sanction (measure to protect market integrity) for the violation of legal provisions, ordinances and these Rules.

2.4 MEMBER RIGHTS AND RESPONSIBILITIES

2.4.1 MEMBER RIGHTS AND RESPONSIBILITIES

50. The Member firm shall have the following rights and responsibilities:

1. to participate in Exchange trading;
2. to submit data do the Exchange;
3. to meets its financial and other obligations;
4. to supervise the Member's employees;
5. to preserve the reputation of market participants;
6. to clear and settle all concluded transactions.

2.4.2 TRADING

51. Member firms have the right to participate in trading on the Regulated market and the MTP, according to these Rules and their status, except during a suspension in line with the provisions of the Rules.

52. Member firms are prohibited from executing transactions in the Instruments which have been suspended for trading by the Exchange during the entire course of suspension. Trading in the Instruments contrary to the provisions of this Article represents a grave violation of the Exchange's Rules.

53. In executing transactions in the Instruments Member firms shall:

1. Execute transactions in accordance with the regulations of the Republic of Croatia and the Rules;

2. At the Exchange's request without delay submit any data, documents, electronic or other records concerning each executed transaction in the Instruments which are traded on the Regulated market or the MTP, regardless of where the Transaction was executed, in the manner and scope indicated by the Exchange in its request.

54. The refusal by the Member firm to document the Transaction within the time indicated in the Exchange's request or an unnecessary delay in doing so represents a grave violation of the Rules.

55. The Member firm shall refrain from any attempt to influence the employees and/or members of the Exchange bodies and from any other kind of influence on the impartiality of the Exchange which might put the Member firm in a privileged position with respect to other Member firms. Non-compliance with this provision represents a grave violation of the Rules.

56. The Member firm which, under an agreement with the Exchange, engages in Specialist activities shall also comply with any resolution passed by the Exchange concerning Specialist activities.

57. With regard to the sequence of Order execution and the fulfilment of other obligations arising from the Order, own Order is equal to the Order of the Client, except when it has been stipulated otherwise. This provision does not apply to the Transactions conducted by the Member firm in the Specialist (market maker) capacity.

2.4.3

NOTIFICATION OF THE EXCHANGE

58. Member firms shall provide regular notifications to the Exchange of the following:

1. any change in the
 - a. corporate structure of the legal person – Member firm,
 - b. management,
 - c. ownership structure,
 - d. employees licensed to trade on the Regulated market and the MTP
2. insolvency,
3. account blockage;
4. initiation of the bankruptcy, liquidation or restructuring proceedings;
5. litigation or arbitration proceedings of significant value;

59. At the Exchange's request Member firms are required to submit to the Exchange other reports, data and information which are related to or might affect Exchange operations.

2.4.4 SUPERVISION OF EMPLOYEES

60. Member firms shall inform their employees who perform the activities related to Exchange trading and/or use the Trading System of the content of legal and other regulations, the Rules and other documents which regulate trading on the Exchange.

2.4.4.1 Access to the Trading System

61. Member firms shall prevent the access to and the use of the Trading System and/or user identification password, enabling the use of the system, by unauthorized persons.

62. In the event that the Member firm of the Zagreb Stock Exchange is aware of:

1. unauthorized use or revelation of the password for access to the Trading System;
2. unauthorized access to the Trading System;
3. need to deactivate or change the password for access to the Trading System,

the authorized representative of the Member firm shall notify the Supervision Department of the Zagreb Stock Exchange of the situation immediately by telephone.

63. At the Member's request, the Exchange shall immediately take steps which might include the following:

1. temporarily block access to the Trading System by the suspicious user according to the IP address or the port used in to exclude such a user from trading
2. change the user password
3. cancel all open Orders of the suspicious user
4. temporarily suspend the suspicious user
5. permanently suspend the suspicious user
6. submit reports on the concluded Transactions

64. The Member firm may take Client orders in any technologically permissible manner (in person, by telephone, fax, Internet, computer networks etc.). After the orders have been transmitted to the Exchange's Trading System, their legality, permissibility and compliance with regulations and the Rules of the Exchange are the sole responsibility of the Member, regardless of whether the identity of the principal, characteristics

of the order and other relevant circumstances have been verified by the Member's employee or computer programme.

65. Each order sent or transmitted to the Exchange bears the code of the person who entered it in the Exchange's Trading System. Any Member firm using an automatic system to transmit Client orders to the Exchange's Trading System without intermediation of a physical person must apply for one or more identifier codes from the Exchange to denote the orders which have been transmitted to the Trading System in such a manner.

2.4.5 RULES OF PROFESSION

66. The Member firm shall ensure that its employees abide by the rules of profession which are stipulated in the ordinances passed by HANFA.

2.4.6 SUBMISSION OF TRANSACTION RECORD DATA

67. Member firms of the Exchange shall keep Transaction records in such a manner as to enable their prompt delivery to the Exchange at its request in the appropriate electronic form defined by the Exchange:

1. list of all or some (according to the criteria set by the Exchange) selected transactions (regardless of whether they have been executed on the Exchange or off the market) including:
 - a. Instrument name and code,
 - b. indication of whether it involved a purchase or a sale,
 - c. quantity and price,
 - d. data contained in the Order concerning each Transaction,
 - e. Client identification (or indication that it is a proprietary transaction of the Member firm),
 - f. settlement data,
 - g. data on the Instruments which are owned by the Member firm with an indication, when such Instruments are held by third parties on behalf of the Member, whether they are given as collateral to secure any claim;
2. The Member firm shall also submit to the Exchange any other data on its business operations pursuant to an Exchange resolution.

2.4.7 INSIDE INFORMATION, MARKET ABUSE

68. The Member firm is forbidden to:

1. use inside information in any manner which is contrary to Croatian regulations,
2. abuse or manipulate the market.

69. Failure by the Member firm to comply with the ban set out in Article 68 above represents a grave violation of the provisions of the Rules.

2.4.8 PRESERVING REPUTATION OF THE EXCHANGE AND OTHER MEMBER FIRMS AND USING THE EXCHANGE'S LOGO

70. Member of the Exchange shall not give advice or recommendations, or issue and disseminate written material or use the media in any manner which may harm the interests and/or reputation of the Exchange.

71. Member of the Exchange is authorized to state the fact of its Exchange Membership and use the Exchange's logo on its stationery while taking special care so as not to mislead any third persons with respect to the separate nature of the legal persons of the Exchange and the Member firm by doing so.

72. The Exchange may stipulate the details concerning the manner in which the Exchange's logo and company name are to be used by Member firms.

2.5 SPECIALISTS (MARKET MAKERS)

73. The Exchange will grant the status of Specialist in respect of a particular share or other financial instrument to the Member firm which meets the criteria defined by relevant regulations of the Republic of Croatia and Exchange resolutions, if so stipulated by these Rules.

74. There may be more than one Specialist designated in respect of an individual share.

75. The Specialist shall submit simultaneous buy and sell orders for a particular share (Specialist order) each trading day under the terms and in the manner stipulated by the regulations of the Republic of Croatia and Exchange resolutions.

76. In the event that the Specialist has concluded contracts or agreements with the Issuer of shares in respect of which it has been designated Specialist, the Specialist shall disclose such contracts or agreements by submitting them to the Exchange in the electronic form. The Exchange will disclose these contracts or agreements to the public via the Internet, with the exception of the sections which refer to the commercial terms of the contract. The contract between the Issuer and the Specialist deems to

include any subsequent amendments thereof, and all such amendments as well as the fact that the contract has expired or is no longer in force shall be notified to the Exchange, which will disclose it to the public via the Internet.

77. The Issuer must not favour the Specialist in any manner when disseminating any information related to the Issuer's business or to the shares the Issuer has issued.

78. The Specialist which has been designated market maker in particular shares may not acquire the securities on behalf of the Issuer under its Own Share Purchase Programme.

2.5.1

ORGANIZATION REQUIREMENTS ON SPECIALIST (MARKET MAKER)

79. The Member firm which performs Specialist (market maker) activities shall establish such an organization structure as to:

1. maintain an appropriate system to enable efficient supervision of the communication between the employees who do specialist trading and the employees who do other work to prevent regular business of the Member firm (executing Client Orders and proprietary trading which does not represent specialist trading) from affecting the activities performed by the Member firm in the Specialist capacity;
2. maintain internal procedures to regulate the supervision of the employees who do specialist trading and the issue of the conflict of interest;
3. keep appropriate records related to specialist activities in line with legal provisions and other regulations;
4. enable authorized employees of the Exchange to supervise the organization structure and communication conducted by the employees who do specialist work;
5. meet other requirements of the organization structure stipulated by competent bodies.

80. The following matters shall be regulated by a special resolution of the Exchange:

1. period of time during which the Specialist is required to quote Buy and Sell Orders;
2. minimum amount at which the Specialist is required to buy or sell shares over a certain period;
3. minimum amount (size) of simultaneous Buy and Sell Orders;
4. maximum spread in the Specialist Buy and Sell Order;

5. maximum daily limit of the Specialist Order, if and when necessary;
6. other parameters with respect to the position, rights and obligations of the Specialist.

2.5.2 ACQUISITION AND TERMINATION OF SPECIALIST STATUS

2.5.2.1 Acquisition of Specialist status

81. The Member firm shall acquire Specialist status by signing an agreement with the Exchange.

82. The Member firm shall sign a special agreement with the Exchange in respect of each share which it plans to trade as a Specialist.

83. The Member firm which plans to engage in specialist trading shall submit an application for the Specialist status in which it must state:

1. the share in respect of which it plans to engage in specialist trading;
2. when it plans to begin specialist trading;
3. that, at the time it embarks on specialist trading, it will fully meet any requirements stipulated by law, subordinate regulations and regulatory Exchange documents.

84. The Exchange shall grant the Specialist status to the Member firm once it has ascertained that it meets all the criteria for engaging in specialist trading.

85. The Member firm which has acquired Specialist status in respect of a particular security may embark on specialist trading after the notification of its acquired Specialist status for the respective security has been posted on the Exchange's website. The notification shall state the date on which the Member firm will begin to perform specialist trading activities. At least 7 days must elapse between the publication of such a notification and the date on which specialist trading in a particular security may begin.

2.5.2.2 Termination of Specialist status

86. The Specialist status of the Member firm in respect of a particular share may terminate:

1. by the Exchange resolution for failure to fulfil its obligations;
2. at the Member's request;
3. as a result of HANFA's decision.

87. The Specialist status of the Member firm in respect of all shares may terminate:

1. in case of failure by the Member firm to comply with the requirements stipulated for engaging in specialist trading,
2. at the Member's request,
3. as a result of HANFA's decision.

88. In the event that the Specialist status should cease at the Member's request, the Member firm shall continue to perform Specialist activities for at least another 20 trading days after the Exchange has approved the request.

2.6 CRISIS COMMUNICATION

89. Each Member shall submit to the Exchange the number of the mobile telephone at which, between 8:00 a.m. and 6:00 p.m., it is possible to contact the person who is authorized to take any decisions related to crisis and emergency situations.

2.7 CLEARING AND SETTLEMENT

90. In clearing and settling the transactions conducted on the Regulated market and the MTP, Member firms are required to comply with the regulations of the Institutional settlement system through which clearing and settlement is conducted.

2.8 TRADING SUSPENSION

91. The Exchange may suspend trading in the event that due to communication system failures or for other reasons more than 15% of Member firms, excluding those suspended, are unable to establish communication. In calculating the percentage of members, it is always to be rounded up to a higher figure.

92. In that case, the Exchange shall notify:

1. HANFA and
2. market via a notification posted on the Exchange's website,

2.9 DISPUTES

93. The Member firm and the Exchange shall attempt to resolve mutual disputes amicably and by agreement. Any disputes that cannot be resolved in such a manner will be referred to the jurisdiction of the competent court in Zagreb.

3 MARKETS AND INSTRUMENTS

3.1 MARKETS

94. The Exchange manages:

1. Regulated market
2. MTP

3.1.1 REGULATED MARKET

95. Regulated market is divided into the following segments:

1. Regular Market
2. Official Market
3. Prime Market

3.1.2 MTP

96. The Zagreb Stock Exchange manages the MTP, the full name of which is "The Multilateral Trading Platform of the Zagreb Stock Exchange".

3.2 INSTRUMENTS

97. Any financial instruments for which the Exchange has HANFA's approval or in respect of which the approval stems directly from ZTK provisions may be traded on the Regulated market:

1. shares or depositary receipts for underlying shares,
2. bonds or depositary receipts for underlying bonds,
3. commercial notes (if shares or bonds of the same Issuer are listed on the Regulated market),
4. ZIF shares,
5. structured (transferable) securities,
6. Any other financial instruments which, in accordance with the rights attaching to them, correspond to the foregoing instruments, regardless of their designation.

98. The following may be traded on the MTP:

1. any financial instruments which may be traded on the Regulated market,
2. rights,
3. treasury bills,

4. central bank bills,
5. any other financial instruments which, in accordance with the rights attaching to them, correspond to the foregoing instruments regardless of their designation.

4 LISTING

4.1 JOINT PROVISIONS

4.1.1 APPLICATION FOR LISTING

99. The Application for listing shall be submitted by the Issuer or the person authorized by the Issuer.

4.1.1.1 Content of the Application for listing

100. Enclosed with the Application, the Applicant shall submit:

1. Filled-out questionnaire stipulated by the Exchange and published on the Exchange's website;
2. Prospectus or a statement saying that the Applicant is exercising a right to be exempted from the obligation to prepare the Prospectus;
3. Statement saying that the Applicant has fully complied with the procedure stipulated by the provisions of Croatian laws and other regulations, and that it has obtained all the necessary licences, approvals and permissions from competent regulatory bodies;
4. Copies of all decisions, approvals and permissions granted by HANFA with respect to the listing procedure, or a statement saying that no such documents exist;
5. If the Prospectus is not required at the time of listing, a document (terms of issue, informative memorandum etc.), containing at least the following data, shall be enclosed:
 - a. Characteristics of the Instrument to be listed,
 - b. Description of the rights and entitlements attaching to it,
 - c. Quantity,
 - d. Summary ownership data,
 - e. Other data which, in the Applicant's opinion, may be relevant to the estimation of the market value of the respective Instrument;
6. For securities issues, a notary public record of proceedings of the shareholder meeting of the Issuer at which the decision to issue the securities was made;

7. For the securities issued by a local government or self-government body, a decision of the Government of the Republic of Croatia consenting to the issuance of the respective securities shall be enclosed with the application. In case of foreign Issuers, the decision passed by the competent body of the Issuer's jurisdiction is required;
8. For ZIF shares listing, a list of shareholders or holders of equity holding in the ZIF management company, outlining their respective holdings.

101. The enclosure set out in paragraph 5 of Article 100 above shall be signed and its veracity guaranteed by all the members of the Applicant's management or management board.

102. If the Exchange should request additional information, the Issuer shall deliver such information to the Exchange in the form, manner and in the time stipulated.

103. The Application shall refer to any and all outstanding Instruments of the same class.

4.1.1.2 Regularity of the Application for Listing

104. The Application for Listing shall be deemed to be regular if it is signed by an authorized person.

4.1.2 PROSPECTUS AND OTHER DOCUMENTS

105. The Prospectus and other documents, when mandatory and subject to approvals, permissions and licenses by HANFA, must be submitted to the Exchange along with relevant licences, approvals and permissions enclosed.

4.1.3 FREE FLOAT

106. When determining the percentage of shares in free float, the following shares shall not be deemed to represent free float:

1. Shares owned by the Issuer (treasury stock or own shares);
2. Shares owned by the persons controlling no less than 15% of the number of shares to be listed.

4.1.4 INSTRUMENT AND ISSUER CHARACTERISTICS

107. The Instruments being listed on the Regulated market and their issuers are subject to the criteria stipulated by the provisions of Croatian laws and other regulations.

4.2 CRITERIA FOR REGULAR MARKET LISTING

4.2.1 SHARES

4.2.1.1 Free float

108. No less than 15% of the shares to be listed must be in free float.

109. By way of exception, it is possible to list the shares even if the percentage in free float is lower than that set out in Article 108 above, if the Exchange determines that fair, regular and efficient trading in them is possible at sufficient presumed liquidity while taking into account:

1. number of shares in free float, and
2. market capitalization of the shares listed.

4.2.2 OTHER INSTRUMENTS

110. Other Instruments being listed on the Regular Market are subject to no other criteria than those stipulated by Croatian laws and other regulations.

4.3 CRITERIA FOR OFFICIAL MARKET LISTING

4.3.1 SHARES

4.3.1.1 Free float

111. No less than 25% of the shares to be listed must be in free float.

112. By way of exception, it is possible to list the shares even if the percentage in free float is lower than that set out in Article 11, if the Exchange determines that fair, orderly and efficient trading in them is possible at sufficient presumed liquidity while taking into account:

1. number of shares in free float, and
2. market capitalization of the shares listed.

4.3.2 OTHER INSTRUMENTS

113. Other Instruments being listed on the Official Market are subject to no other criteria than those stipulated by Croatian laws and other regulations.

4.4 PRIME MARKET LISTING

4.4.1 SHARES

114. Shares (including ZIF shares) are subject to all the criteria stipulated for the Official Market listing.

115. When submitting the Application, the Issuer shall enclose contracts with at least two Specialists to conduct specialized trading in the shares being listed. Such a contract shall be subject to a notice (period for contract termination by the Specialist) of at least two months.

4.4.2 OTHER INSTRUMENTS

116. Only the Issuer whose shares are already listed on the PM may list on the PM other Instruments it has issued as well.

5 POST-LISTING REQUIREMENTS

5.1 GENERAL REQUIREMENTS

117. Following the Listing, the Issuers of listed Instruments are required to disclose any material facts by means of:

1. Periodic disclosures, through which the Issuer shall disclose certain material facts at certain time intervals, and
2. *Ad hoc* disclosures, through which the Issuer shall disclose certain material facts immediately upon learning about them.

118. The data which are subject to mandatory disclosure under the ZTK provisions shall be disclosed to the public in the manner and within the time frame stipulated by the provisions of that Act. As to the data which, pursuant to the provisions of these Rules, need to be disclosed or made available or released to the public, the Issuer shall be deemed to have complied with its disclosure requirement if such data is posted on the Exchange's website in the designated manner.

119. Any facts, information, documents and papers which contain data of a precise nature which directly concerns the Issuers or the listed Instruments they have issued, and which are likely to have a significant influence on the prices of these Instruments, where such a probability of significant influence is deemed to exist if a reasonable investor would take such information into account as part of the grounds for taking investment decisions, and which facts, information, documents and papers are not public knowledge, shall be disclosed to the public by the Exchange via the Internet without delay, and no later than the beginning of the next trading day. In deciding whether or not to disclose a certain fact on the Exchange's website, if in doubt the Issuers shall consult the Exchange.

5.1.1 FINANCIAL STATEMENTS

120. The content and structure of the financial statements for particular periods to be disclosed by the Issuers of the Instruments listed on the Regulated market at certain intervals throughout the year shall be set out by HANFA in its regulatory documents.

5.1.1.1 Entities required to submit financial statements

121. The Issuers of the Instruments listed on the Regulated market shall submit the following to the Exchange:

1. Issuers of shares – annual, semi-annual and quarterly reports;
2. Issuers of corporate debt Instruments – annual and semi-annual reports;
3. Issuers of other Instruments – in line with ZTK provisions.

5.1.1.2 Content and time of publication of financial statements

5.1.1.2.1 Annual report

122. The Issuer shall prepare the annual report, disclose it to the public and submit it to the Exchange no later than four months from the last day of the business year to which it refers and ensure that it is available to the public for at least five years from the date of its publication.

123. The Issuer's annual report shall contain:

1. audited annual financial statements,
2. management report,
3. statement by the persons responsible for compiling the Issuer's annual report, listing their first and family name, position and duties with the Issuer, saying that to the best of their knowledge:
 - a. the Issuer's annual financial statements, made by using the appropriate standards of financial reporting, give a complete and truthful statement of assets and liabilities, losses and profits, financial condition and business performance of the Issuer and any companies included in the consolidation,
 - b. the management report contains a truthful statement of business developments and results, as well as the condition of the Issuer and any companies included in the consolidation, along with
 - c. a description of the most significant risks and uncertainties to which the Issuer and the companies are exposed as a whole.

124. Along with the Issuer's annual report, the Issuer is required to disclose to the public in the same manner and time frame stipulated for preparing, publishing and submitting the annual reports to the Exchange the entire audit report signed by the persons responsible for auditing the Issuer's annual financial statements.

125. Provisions of Articles 122, 123 and 124 above shall apply to the Issuer required to prepare consolidated reports as appropriate.

5.1.1.2.2 Semi-annual report

126. The Issuer of shares and corporate debt Instruments shall prepare the semi-annual report for the first six months of the business year, disclose it to the public and submit it to the Exchange no later than two months from the end of the six-month period to which it refers and ensure that it is available to the public for at least five years from the date of its publication.

127. The Issuer's semi-annual report shall contain:

1. abridged set of semi-annual financial statements,
2. management interim report,
3. statement by the persons responsible for compiling the Issuer's semi-annual report, listing their first and family name, position and duties with the Issuer, saying that to the best of their knowledge:
 - a. the abridged set of the Issuer's semi-annual financial statements, made by using the appropriate standards of financial reporting, give a complete and truthful statement of assets and liabilities, losses and profits, financial condition and business performance of the Issuer and any companies included in the consolidation,
 - b. the management interim report contains a truthful statement of business developments and results, as well as the condition of the Issuer and any companies included in the consolidation, along with
 - c. a description of the most significant risks and uncertainties to which the Issuer and the companies are exposed as a whole.

128. If the Issuer's semi-annual financial statements are audited, the Issuer is required to disclose the audit report to the public in the same manner and time frame. The same requirement applies in the event that an inspection into the financial statements has been conducted. If the semi-annual financial statements are not audited, or have not been inspected, the Issuer is required to make a statement to that effect in its semi-annual report.

129. Provisions of Articles 126, 127 and 128 above shall apply to the Issuer required to prepare consolidated reports as appropriate.

5.1.1.2.3 Quarterly report

130. The Issuer of shares shall prepare the quarterly report and disclose it to the public as soon as possible but no later than thirty days from the last day of the quarter to which it refers, and shall ensure that it is available to the public for at least five years from the day of its publication.

131. The provisions regulating the content of semi-annual reports apply to the quarterly report as appropriate.

132. Provisions of Articles 130 and 131 above shall apply to the Issuer required to prepare consolidated reports as appropriate.

5.1.2 EQUAL TREATMENT

133. When disclosing Inside information, the Issuers of the listed instruments shall act in such a manner as not to put any person or segment of the public in a privileged position.

134. Any information that the Issuers may present at meetings with analysts, representatives of institutional investors etc. shall be simultaneously disclosed to the public.

5.1.3 PARALLEL LISTING

135. In the event that Instruments are also listed on another Regulated market and are subject to disclosure of certain facts under the rules of that Regulated market, the same information shall also be disclosed in the Republic of Croatia and sent to the Exchange.

5.1.4 FORMAT

136. Any data and documents which are subject to disclosure in accordance with the provisions of this Chapter shall be sent to the Exchange by the Issuer electronically as a computer file in the format and manner stipulated by the Exchange.

5.1.5 LANGUAGE

137. The Issuers shall deliver any information in the Croatian language. The Issuers with the Instruments listed on the Official Market and the Prime Market shall provide the information in both Croatian and English.

5.1.6 LIST OF INSIDERS

138. The Issuer shall submit a List of Insiders at the request of the Exchange.

5.1.7 FEE

139. For the duration of the Listing, the Issuer shall pay a listing maintenance fee to the Exchange according to the Exchange price list.

5.1.8 CODE OF CORPORATE GOVERNANCE

140. The Code of corporate governance applies to any Issuer of the shares listed on the Regulated market, with the exception of ZIFs.

141. The requirement to fill out the questionnaire which is a constituent part of the Code of corporate governance applies to any Issuer whose shares are listed on the Regulated market; it shall submit the said form to the Exchange no later than the time of the annual report delivery.

142. The Issuers which are bound by the Code of corporate governance shall comply with this requirement by having the annual questionnaire which is a constituent part of the Code:

1. posted on their website
2. submitted to the Exchange for posting on the Exchange's website.

5.2 RESPONSIBILITIES OF ISSUERS OF RT-LISTED INSTRUMENTS

143. The Issuer of the Instruments listed on the Regular Market shall deliver to the Exchange any information stipulated by laws and other regulations, as well as any change in the data published in the Prospectus and earlier disclosures.

5.3 RESPONSIBILITIES OF ISSUERS OF ST-LISTED INSTRUMENTS

144. Following the Listing, the Issuers of ST-listed Instruments shall comply with any requirements stipulated for the Issuers of RT-listed Instruments, as well as additional requirements stipulated hereunder.

145. The Issuer shall notify the Exchange and the public of:

1. date of its annual general meeting (AGM) no later than the time notification of it is sent out to shareholders,
2. resolution concerning the distribution of profits or dividend payout, as soon as it has been passed.

146. The notification of the date of the AGM shall contain any data the Issuer is required by laws and regulations to deliver to shareholders.

147. The Issuer shall submit to the Exchange any resolutions which have been passed at the AGM no later than 9:00 a.m. on the next work day.

5.3.1

SUPERVISORY AND MANAGEMENT BOARD MEETINGS

148. The Issuer shall notify the Exchange and the public of the dates of any supervisory and management board meetings no later than 5 work days prior to the meetings at which the said bodies are scheduled to decide on:

1. financial (unaudited and/or audited unconsolidated and/or consolidated) statements:
 - a. annual,
 - b. semi-annual,
 - c. quarterly statement, for the first and the third quarter,
2. dividend payout;
3. capital increase;
4. adopting an Own Share Purchase Programme;
5. approving the acquisition and disposal of own shares;

149. The Issuer shall deliver to the public the resolutions passes at these meetings, as well as the documents adopted by such resolutions (financial statements, dividend resolutions etc.), if any, no later than 9:00 a.m. on the next trading day.

5.3.2

ACQUISITION BY ISSUER'S MANAGEMENT AND SUPERVISORY BOARD MEMBERS

150. The Issuer shall ensure that the Exchange is notified by 9:00 a.m. the next trading day of any acquisition or disposal of any of the Issuer's Instruments by members of the Issuer's supervisory or management board.

151. Members of the Issuer's management and any persons closely related to them, persons who have access to Inside information concerning the Issuer (and are on the List of Insiders in the sense of Article 463 of ZTK), as well as members of the Issuer's supervisory and management board and persons closely related to them, shall refrain from acquiring or disposing of the Issuer's Instruments for a duration of:

1. 1 (one) month prior to the release of the semi-annual report and the quarterly reports for the first and third quarter, which the Issuers shall publish in accordance with the provisions of ZTK, and
2. 2 (two) months prior to the release of the annual report.

Closely related persons in the sense of the provisions of this Article shall be any persons related to the persons set out in Article 151 above in the manner described in paragraph (2) of Article 464 of ZTK.

5.3.3 ACQUISITION BY THE ISSUER

152. The Issuer shall refrain from acquiring and disposing of its own securities in the same manner and for the same duration as the members of its management and supervisory board unless it has been explicitly stipulated otherwise by the provisions of law and other regulations.

153. If the Issuer acquires Instruments as part of a published Own Share Purchase Programme, as stipulated in the ordinances passed by HANFA, the Issuer shall disclose such a programme to the public on its website and send it to the Exchange for posting on the Exchange's website.

5.3.4 OTHER MATERIAL FACTS

154. The Issuer shall disclose to the Exchange and to the public promptly any material facts (with the exception of well-known facts and events), except the facts in respect of which it is exercising its right to delay disclosure, in which case such facts will have the status of Inside information.

155. The Exchange may ask the Issuer to confirm or deny any rumours or news concerning the Issuer other than those arising from the information which the Issuer has previously disclosed to the Exchange and to the public, and which affect or may affect the price of the Issuer's Instruments.

156. The Exchange may ask the Issuer to disclose certain data which it may deem vital to providing complete and thorough information to the investment community.

5.4 RESPONSIBILITIES OF ISSUERS OF PM-LISTED INSTRUMENTS

157. Following the Listing, the Issuers of Instruments listed on the Prime Market shall comply with any requirements stipulated for the Issuers of ST-listed Instruments, as well as additional requirements stipulated hereunder.

5.4.1 CORPORATE ACTION CALENDAR

158. Prior to the beginning of the business year, the Issuers of PM-listed Instruments shall deliver to the Exchange and post on their website a calendar of corporate actions for the year, including:

1. disclosure dates for financial statements,

2. date of its AGM,
3. dividend payout date,

as well as any change in that calendar as soon as it occurs.

5.4.2 ANNUAL REPORT PRESENTATION

159. When releasing the annual report, the management of the Issuer of PM-listed Instruments shall, after its disclosure to the public or simultaneously with it, present the annual financial statements at the conferences with interested financial analysts and representatives of the media.

5.4.3 ACQUISITION OF TREASURY (OWN) SHARES

160. In preparing a statement of the acquisition and disposal of own shares, the Issuers of PM-listed Instruments shall set out:

1. purpose and manner of acquisition and disposal, as well as quantity,
2. percentage of outstanding share capital represented by treasury shares following the acquisition, and
3. price of the acquisition.

5.4.4 ACQUISITION OF MAJOR EQUITY INTEREST IN OTHER COMPANIES

161. When acquiring major equity interest in other companies by which the said companies become subject to consolidation, the Issuers of PM-listed Instruments shall disclose the price at which they are to acquire such major equity interest.

162. If the acquisition set out in Article 161 above is performed in several steps, the Issuer shall, at the time the acquired company becomes subject to consolidation, disclose all previous acquisitions, including the price at which such acquisitions were made.

5.4.5 NEW SHARE ISSUANCE

163. When issuing new shares, the Issuer shall issue transferable securities (subscription rights) to enable the shareholders with pre-emptive rights to exercise their right to the subscription and purchase of new shares, and shall also enable trading in such securities on the MTP managed by the Exchange for at least 10 trading days prior to the first day of subscription of the new issue.

5.5 RESPONSIBILITIES OF ZIFS AND ZIF MANAGEMENT COMPANIES

164. The ZIF management company is responsible for complying with any requirements stipulated for the Issuers of the Instruments issued by the respective ZIF.

165. ZIFs are responsible for complying with any requirements stipulated for the Issuers on the market on which they are listed, as well as additional requirements stipulated hereunder.

5.5.1 SPECIAL RESPONSIBILITIES

166. The ZIF management company shall regularly submit to the Exchange:

1. Portfolio structure: at least at 31st December, 31st March, 30th June and 30th September each year (within 7 days of the said dates), or at the Exchange's request;
2. ZIF's net asset value per share, valuation date, according to the time schedule stipulated by relevant regulations of the Republic of Croatia;

6 DELISTING

167. Listing may terminate:

1. At the request of the Issuer or a person authorized by the Issuer,
2. by cessation of the Issuer,
3. by cessation of the Instrument,
4. by decision of competent government agencies,
5. for failure of the Issuer of the listed Instrument to meet the criteria for Listing on the respective market.

168. In case of failure by the Issuer to meet the criteria for Listing on a particular market, the Exchange may:

1. transfer the Instruments of that Issuer to the market which stipulates the criteria the Issuer can or intends to meet,
2. delist the Instrument.

169. In the event that the Issuer applies for delisting, such delisting shall occur upon expiry of a period of six months from the day on which the Exchange passes a resolution on delisting at the request of the Issuer.

170. The application for an Instrument to be delisted shall be signed by the persons who sign the Prospectus.

7 MULTILATERAL TRADING PLATFORM

7.1 ACCESS

171. The right to trade on the MTP shall be granted to Member firms of the Zagreb Stock Exchange.

7.2 EXCHANGE RESOLUTIONS

172. Any Exchange resolutions concerning the admission to trading, admission termination and other circumstances related to MTP trading shall be final.

7.3 ADMISSION TO MTP TRADING

173. Instruments may be admitted to trading on the MTP:

1. upon application by:
 - a. Issuer,
 - b. Member firm,
2. by Exchange resolution.

174. The following enclosures must be submitted with the Application for admission to trading:

1. Articles of Association or other relevant document currently in force;
2. Financial statements for the previous financial year (if any);
3. If these are shares or Depositary Receipts, the following data:
 - a. Number of shares of the same class;
 - b. Nominal value of shares (if any) or the portion of equity represented by the shares which are being listed/admitted;
 - c. Where clearing and settlement is conducted;
 - d. Number of votes attaching to one share;
 - e. Other characteristics (e.g. whether the shares are participative, cumulative, whether they guarantee a dividend etc.)
4. If the Instruments being admitted are debt securities (bonds or bond certificates, treasury bills, central bank bills, commercial notes), the following data:

- a. Full name
 - b. Interest rate
 - c. Nominal value
 - d. Size of the issue (number, nominal value)
 - e. Who conducts clearing and settlement;
 - f. Type of guarantee and identity of its issuer (bank guarantee, mortgage-back or other), if any;
5. In case of other Instruments, detailed description of the Instrument and the rights and entitlements attaching to it, as well as information on the Issuer;
 6. Other data which may be relevant to the estimation of the market value of the respective Instruments.

175. Instruments being admitted to trading on the MTP must be:

1. dematerialised;
2. freely transferable;
3. issued in accordance with the regulations pertaining to them.

176. The Exchange shall send notification of the admission to trading on the MTP of the Instrument to its Issuer.

177. The Exchange shall release the news of the admission to trading on the MTP of the Instrument at least 5 days prior to the first day of trading in the respective Instrument.

178. After being admitted to trading on the MTP, the shares will be subject to initial trading under a special regime.

7.4

POST-ADMISSION REQUIREMENTS

179. The party which submitted the application for admission to trading on the MTP shall comply with the following requirements:

1. If these are shares or depositary receipts, it shall disclose the following:
 - a. Invitation to the company's AGM;
 - b. Annual financial statements;
 - c. Capital reduction or increase;
 - d. Status changes of the Issuer.
2. If these are debt securities or other Instruments, it shall disclose the following:
 - a. Any changes occurring after the admission to trading in respect of the rights or entitlements

attaching to the respective security or Instrument;

- b. Annual financial statement (if any).

Data set out in item 1, line c. and d. above are subject to disclosure by the party which submitted the application for admission to trading on the MTP within 3 days of the date such data has been entered in the court register of the competent commercial court (for the Issuer from the Republic of Croatia) or other relevant body (for foreign Issuers).

7.5 MTP TRADING IN FINANCIAL INSTRUMENTS

180. Trading on the MTP and supervision of trading on the MTP shall be conducted in the identical manner to that stipulated by these Rules in respect of the Regulated market.

7.6 MTP TRANSACTION SETTLEMENT

181. Transactions concluded on the MTP shall be settled in the identical manner to the transactions concluded on the Regulated market.

7.7 RISK

182. When investing in the Instruments which have been admitted to trading on the MTP, the following has to be taken in to account:

1. MTP represents an alternative market managed by the Exchange. Pursuant to the provisions of ZTK, the MTP does not hold the same status as the Regulated market. The Instruments which are traded on the MTP need not meet the criteria stipulated for the Regulated market. Consequently, and as a result of lower requirements set before the Issuers of the Instruments and for the Instruments which are traded on the MTP, the risk of investing in such Instruments may be greater than the risk of investing in the Instruments which are traded on the Regulated market.
2. Lower requirements which are set before the Issuers or other parties applying for admission to trading in the Instrument, as mentioned in paragraph 1 above, shall in any case assume a sufficient level of publicly available information to enable trading by all investors under the same terms.
3. Issuer of the Instrument and the party applying for admission to trading on the MTP shall assume all

responsibility in respect of the foregoing paragraph, taking into account the fact that trading on the MTP is subject to the provisions of the Capital Markets Act on market abuse.

7.8 TERMINATION OF ADMISSION TO TRADING

183. Admission to trading may terminate:

1. at the request of the party which applied for admission to trading,
2. by cessation of the Issuer,
3. by cessation of the Instrument,
4. by revoking admission due to long market inactivity;
5. by decision of competent government agencies.

184. In the case described in item 1 of Article 183 above, admission to trading shall terminate 2 months after the Exchange passes a resolution on termination at the request of the party which applied for admission to trading.

8 TRADING

8.1 TYPES OF TRADING

185. Trading may be:

1. Order book trading
2. Off Order book trading

186. Order book trading may be:

1. Regular trading
2. Special trading regime

187. Off Order book trading may be:

1. Block trades
2. Public auction

188. The shares which have been listed in the Prime Market and the Official Market are always subject to the regular Exchange regime as part of the Order book trading.

189. The shares in respect of which one or more Specialists have been designated are always subject to the regular Exchange regime as part of the Order book trading.

190. Only shares may be traded under a special regime.

8.2 EX-DIVIDEND AND EX-INTEREST TRANSACTIONS

191. It is the exclusive duty and responsibility of the Member firm to explain to the Client any details concerning the right to a dividend or interest arising from transactions in Instruments. The Exchange shall make no price adjustments or corrections in respect of ex-dividend or ex-interest transactions.

192. The Exchange shall inform Member firms of any dividend and interest payment details in respect of the Instruments traded on the Regulated market and the MTP, if available.

8.3 TRADING TIME

193. Regular trading shall take place each work day on which trading is done (trading day) between 9:00 a.m. and 4:00 p.m. unless it has been stipulated otherwise by an Exchange resolution for a particular day. In exceptional cases, should a volatility interruption mechanism be initiated in respect of a particular share after 3:50 p.m., trading time for that share shall be extended until the end of the volatility interruption. The

opening session shall take place between 9:00 and 10:00 a.m., plus a variable ending which may take 2 minutes at most.

194. Block trades may be concluded between 9:00 a.m. and 4:00 p.m.

195. Trading under a special regime shall take place between 11:00 a.m. and 1:00 p.m., plus a variable ending which may take 2 minutes at most.

196. The day and the time in which the public auction will be held shall be set by an advertisement of the principal.

197. The work days on which trading takes place (trading days) shall be defined by a special resolution of the Exchange.

8.4 TRADING SYSTEM

198. The Exchange shall use a Trading System which provides:

1. efficiency,
2. economical use,
3. functionality, and
4. investor protection.

199. The Exchange trading is conducted via the Trading System. Detailed instructions for the use and the technical description of the Trading System are the technical documents which are issued by the Exchange and do not constitute part of the Rules.

200. The Trading System consists of:

1. Computers, communication equipment and programme support (Technical equipment) which are located at Member firms, and
2. Computers, communication equipment and programme support which are located at the Exchange premises.

201. Communication among the components of the Trading System set out under 1 and 2 of Article 200 above shall take place through a data exchange network which:

1. complies with the Exchange requirements concerning bandwidth, reliability and other technical characteristics, and
2. is administered by the service provider designated by the Exchange.

202. The Trading System shall be used for:

1. Concluding Order book transactions (regular and special trading regime),

2. Concluding Off Order book transactions
 - a. block trades,
 - b. public auctions, and
3. Releasing data on off-Exchange transactions (OTC transactions).

8.4.1 MEMBER IDENTIFICATION

203. The Trading System creates a unique identification code to identify:

1. Member firm (and individual organizational unit of the Member firm, if necessary), and
2. broker executing business via the Trading System and the broker's authorizations.

204. The identification code is part of the data package used for executing the Exchange transaction and transferring data to the Exchange's electronic system; it serves to identify the Member firm which executes the transaction.

205. Any Transactions identifying a certain Member firm shall be deemed to be the transactions executed by that Member firm and shall be settled by the same Member firm.

8.4.2 MEMBER FIRM'S TRADING SUSPENSION FOR TECHNICAL REASONS

206. In the event of Trading System malfunctioning (including but not limited to by a performance overload, jeopardizing the security settings etc.) as a result of the Member firm's inappropriate use of the trading software or programme support introduced by the Member firm for the purpose of its business, to protect the Trading System integrity the Exchange may suspend that Member firm from trading until the grounds for such a suspension have been eliminated.

8.5 LIABILITY OF THE EXCHANGE

207. The Exchange waives any liability for direct or indirect damage of any kind and/or loss of profit as a consequence of the Trading System use, regardless of whether it may have occurred as a result of the Trading System error or equipment malfunctioning or for other reasons (electrical power failure, communication breakdown etc.).

208. By using the Trading System, participants accept all the obligations and responsibilities arising from the use of the system.

8.6 ORDER BOOK TRADING

8.6.1 REGULAR TRADING

209. Regular Order book trading on the Zagreb Stock Exchange is to be conducted via the Trading System into which Member firms shall enter their Orders to be turned automatically, when possible, into Transactions according to a preset algorithm.

210. Regular Exchange trading consists of the following stages:

1. Opening session
2. Continuous trading (possibly, including volatility interruptions)

211. Specialist trading may only be conducted in the course of the continuous trading, except during the activation of the volatility interruption mechanism.

212. The holding and duration of individual stages of regular trading shall be set by the Exchange. The opening session, volatility interruption and any auctions held under the special trading regime have a variable ending, which means that the exact moment of the opening session, volatility interruption and special regime auction closing shall be set autonomously by the Trading System within a preset time (2 minutes) by using a random number generator, with no involvement of or influence by Exchange employees.

8.6.1.1 Opening session

213. The purpose of the opening session is to establish the most realistic and representative (initial) price of a particular Instrument in the trading day.

214. In the course of the opening session, Member firms shall enter their Buy/Sell Orders into the Trading System without those Orders resulting in transactions. Transactions shall be concluded at the end of the opening session at a single, so-called opening price. The opening price is calculated in three steps to determine:

1. maximum clearing volume
2. minimum residual balance
3. average price

215. The maximum clearing volume step is aimed at determining the price or prices at which the maximum volume will trade.

216. First, the cumulative buy and sell volume at each price level will be established. The cumulative buy volume at a certain price level is the buy volume quoted at that price augmented by a sum of all the volumes at higher prices. The cumulative sell volume at

a certain price level is the sell volume quoted at that price augmented by a sum of all the volumes at lower prices. After that, the maximum volume which may trade at such a price will be determined. The maximum volume which will trade is the minimum cumulative buy and sell volume quoted at that price. That is how the maximum size of the volume to trade will be found. If there is only one price at which the maximum volume may trade, that will be the opening price. In case there are two or more prices at which the maximum volume may trade, step 2 will follow.

217. In determining the minimum residual balance at two or more prices to close the maximum volume, the price at which the residual balance (i.e. the volume which will not trade at the end of the opening session) is the smallest will be sought. The minimum residual balance at each price level is the difference between the cumulative buy and sell quantities. After that, the absolute value of the smallest residual balance will be sought. If there is only one price at which the minimum residual quantity may trade, that will be the opening price. In case the maximum volume producing the minimum residual balance may trade at two or more prices, step 3 will follow.

218. In calculating the average price, an average of the prices identified in step 2, i.e. those at which the value of the minimum residual volume is the smallest, will be determined.

8.6.1.2 Continuous trading

219. Any Buy/Sell orders which have not been consummated in the opening session remain in the system.

220. After trading opens, a continuous auction will follow in the course of which Member firms may continually issue new and withdraw or amend existing Buy and Sell orders, which are continually compared by the Trading System and matched whenever possible to result in Transactions.

8.6.2 SPECIAL TRADING REGIME FOR PARTICULAR SHARES

221. In certain cases the Exchange may arrange for individual shares, particularly those less liquid, to be traded under a special regime – solely in a procedure analogous to the opening session.

222. The allocation of shares listed on the Regular Market and those admitted to MTP trading under the regular and special trading regime shall be done by the Exchange each three months as a rule (or more frequently in certain cases) according to objective criteria, including the average daily turnover and the average number of transactions. Off Order book transactions shall not included in the calculations.

223. The List of shares which are traded under the special regime shall be posted on the Exchange's website.

8.6.3 ORDER BOOK TRADING ORDERS

224. Orders may be Buy and Sell Orders.

8.6.3.1 Types of Order

225. The Order may be:

1. Regular (Limit order)
2. Fill or Kill (FoK)
3. Fill and Kill (FaK)
4. Market order
5. Market FoK
6. Market FaK

226. Order characteristics are as follows:

1. **Limit order** is filled at the stated or higher price and, if it is filled only partially, the Order with the residual quantity will remain in the Trading System.
2. **FoK** order is filled immediately at the stated or higher price in its entirety if possible, or the entire Order will be deleted.
3. **FaK** order is filled immediately at the stated or higher price in as large a quantity as possible, and any residual quantity will be deleted.
4. **Market order** is filled at an unspecified price by matching it against any counter orders in the Trading System until the entire quantity is exhausted or there are no more orders it can be matched against, in which case the residual quantity will be deleted.
5. **Market FoK** order is filled immediately in its entirety regardless of the price, or the entire Order will be deleted.
6. **Market FaK** order behaves as the Market order.

8.6.3.2 Order time limit

227. With respect to their maximum duration, Orders may be:

1. *Daily* (unless filled, deleted at the end of the trading day).
2. *Good until* (unless filled, valid until a specific date and deleted thereafter).

3. *Good until withdrawn* (unless filled, valid until withdrawn by the principal).

228. The Order is valid from the time it has been transferred to the Trading System by the Member firm until it has been:

1. turned into a Transaction in its entirety, or
2. amended or withdrawn by the principal, or
3. deleted by the Exchange, or
4. deleted automatically by the Trading System due to expiry.

229. Without prejudice to the provisions of Article 227 and 228, the maximum duration of the Order in the Trading System is 1,500 days from the day the Order is entered in the Trading System, regardless of whether over that time the Order has been amended and/or partially filled. Upon expiry, the Order will be deleted automatically from the Order book by the Trading System.

8.6.3.2.1 Commitment

230. The Member firm which issues an Order to buy or sell a certain quantity of specific Instruments is required to buy or sell that quantity at the price stated in the Order or the price which is more favourable to the Member firm in case the Order is turned into a Transaction.

231. The characteristics of individual types of Orders and their mutual interaction are described in the algorithm which turns Orders into Transactions.

232. The Exchange will decide which type of the Order may be issued on individual markets. Order books for individual Instruments will be formed on each market, and each Order book may contain all or only some types of Orders, in line with an Exchange resolution.

8.6.3.3 Transparency

233. Each Order must include the volume and the price of the Instrument to which it refers (with the exception of Market orders, which have no price specified). All the Member firms which trade may see such data in the Order book.

8.6.3.4 Stating Order price

234. The price shall be stated:

1. for debt securities and Rights – as a percentage of the nominal value,
2. for shares – in admissible currencies,

3. for other Instruments – according to the nature of the respective Instruments.

8.6.3.4.1 Maximum price increment in the Order

235. To reduce the possibility of inadvertent error in entering Orders in the Trading System in order to protect market integrity and participants, the Exchange will prevent the entering of the Orders at considerably higher than market prices at which trading is done in a particular time period.

8.6.3.4.2 Accrued interest

236. The prices of interest bearing Instruments shall be stated as “clean”, i.e. net of the accrued interest. In addition to the price established in the Transaction, the seller is also entitled to the accrued interest for the period running up to the payment date.

8.6.3.5 Required contents

237. The required parts of the Order to be entered by the broker are as follows:

1. Instrument volume (quantity)
2. unit price of the Instrument,
3. type of the Order,
4. indication whether it is a Buy or Sell Order,
5. in proprietary trading, indication that it is the Member firm’s own Order (except when the Order is issued by the Specialist in the market making capacity),
6. in case of trading for the account of the Client, the Order must also state the client account number or the account number of the custodian with the institutional settlement system,
7. in case of Order issuance for the purpose of buying or selling Instruments for the Clients to whom the Member firm provides portfolio management services, letter P.
8. in case of a group Order, letter S.

238. In case of an error in the Client or custodian account number, the Exchange will at the request of the Member firm amend the account number in the Transaction database. The Member firm shall enclose a copy of the Client order for entering the Order which was turned into a Transaction. The Member firm shall submit a request to amend an erroneously entered client account number or custodian account number no later than 5 minutes after the close of trading.

239. The Exchange may stipulate the minimum size of the package to be traded in respect of particular Instruments and/or particular markets or market segment.

8.6.3.6 Order deletion

240. The Exchange may delete Orders from the system under the following circumstances:

1. Trading suspension;
2. Member suspension or termination of Membership;
3. Authorization by the Member firm in case of a communication breakdown between the Member firm and the Exchange disabling access to the Trading System by the Member firm due to power failure or for other justifiable reason;
4. Order of competent government bodies;
5. Stock split and reverse stock split of Instruments;
6. Special resolution passed by the Exchange's management board in the course of trading supervision.

241. Immediately upon Order deletion, the Exchange will notify the respective Member firm that its Order has been deleted.

8.6.3.7 Order withdrawal or amendment

242. The issuing party may withdraw or amend an existing Order in the portion which has not been consummated. Orders may be withdrawn or amended in all trading stages.

243. The Order of reduced quantity will keep the same time code whereas a new time code, identical to the time of the Order amendment, will be allocated in case of any other amendment.

8.6.4 VOLATILITY INTERRUPTION WITH VARIABLE ENDING

244. The volatility interruption shall be used in share trading only.

245. The Exchange shall set daily price thresholds in respect of each share which, when exceeded, will trigger a volatility interruption mechanism on the basis of liquidity and/or market in which the respective share is listed.

246. The volatility interruption functions according to an algorithm of the same characteristics as the opening session.

8.6.4.1 Volatility interruption in opening session

247. In the opening session, the average price weighted by the previous trading day's volume shall constitute the reference price for monitoring the percentual price movements.

248. In the event that the theoretical opening price should exceed the maximum daily price threshold for the respective share at the time continuous trading should open, the opening session will be extended by an additional 10 minutes at most (8 minutes, plus a maximum 2 minute variable ending).

8.6.4.2 Volatility interruption in continuous trading

249. In the continuous trading, the opening price shall constitute the reference price for monitoring the percentual price movements.

250. In the event that an Order which might result in one or more Transactions exceeding the maximum daily price threshold for the respective share is entered in the Trading System, no such Transaction(s) will be concluded. Instead, a volatility interruption mechanism in the duration of 8 minutes with a maximum 2 minute variable ending will be triggered. Afterwards, the continuous auction will resume, and the price achieved in the course of volatility interruption will be set as the new reference price for monitoring the percentual price movements.

251. If the volatility interruption is initiated between 3:50 and 3:52 p.m., the variable ending will in any case begin at 4:00 p.m. In the event that the volatility interruption is initiated after 3:52 p.m., trading in the respective share will be extended for the duration of the volatility interruption.

8.6.4.3 Issuer's response

252. The Supervision Department shall decide whether to seek explanation from the Issuer on material facts when the volatility interruption mechanism is triggered and/or price threshold exceeded. In the event that the volatility interruption is initiated more than twice consecutively due to the price movement in the same direction, the Supervision Department shall seek a response from the Issuer and, if necessary, initiate other procedures related to the supervision of the Issuer, trading and Member firms.

8.6.5 ORDER BOOK TRANSACTIONS

253. The Transaction occurs when the Trading System, according to the algorithm which sets the manner and sequence of Order matching, matches one or more Orders to sell to one or more Orders to buy the same Instrument. As the Transaction

occurs, the Orders which were matched to result in the Transaction become consummated fully or partially.

254. Relevant provisions of these Rules and other regulatory Exchange documents which govern trading in Instruments are also deemed to be a constituent part of the legal transaction concluded by executing the Transaction.

255. The Member firm is prohibited from entering into the Trading System any Order or Orders which are, individually or jointly, aimed at manipulating the market if it is aware or should have been aware of it.

8.6.5.1 Commitment

256. Once the Transaction is executed, both parties are required to fulfil their obligations under the terms (Instrument, quantity, price and terms of settlement) of the deal.

8.6.5.2 Instruments

257. The Instruments which are the subject of Transaction shall be the Instruments referred to in both the Sell and the Buy order, of the quantity stated in the Order which is fully consummated.

8.6.5.3 Price

258. The agreed price of the Instruments which are the subject of Transaction shall be the price determined according to the algorithm used by the Trading System to execute Transactions in a certain trading stage on the basis of the Orders which have been entered in it.

8.6.5.4 Transaction time

259. The relevant Transaction time shall be the time recorded by the Trading System next to the respective Transaction.

8.6.5.5 Order execution priority

260. Upon entering Orders in the system, each Order will be assigned a time code (date, hour, minute, second) which corresponds to the time of its system entry. The sequence of order execution is set in such a manner that the Buy orders with a higher price and Sell orders with a lower price have execution priority. If there are more Orders at the same price level, those with an earlier time code will have execution priority.

261. Orders issued under special execution terms (FoK, FaK, Market FoK) will be executed if all terms of the execution are met in respect of the price and time but it will not be executed if special terms are not met.

8.6.5.6 Exchange Fee

262. The Member firm shall pay a fee to the Exchange in respect of any executed Transactions according to the Exchange's service price list.

263. The fee size and method of calculation shall be defined by the Exchange's price list.

8.6.5.7 Finality of transactions

264. All the executed Transactions shall be final and binding, with no need for any subsequent confirmation by both parties involved in it.

265. Transactions may be annulled solely in the cases stipulated by the provisions of these Rules, ZTK and other regulations and Ordinances passed by HANFA.

8.7 OFF ORDER BOOK TRADING

8.7.1 BLOCK TRADES

266. Block trades shall be concluded by an exchange of messages via the Trading System.

267. Block trades may be concluded at the prices which exceed the thresholds in daily trading.

268. Minimum size of a block trade in shares depends on the average daily share turnover.

269. Minimum size of a block trade in bonds is 3 million kuna.

8.7.2 PUBLIC AUCTIONS

270. Auction is the procedure in which the seller makes an offer under predefined terms to conclude a deal by which it acquires, assigns or transfers the title or some other right to the auction item or items, and auction participants compete amongst themselves to accept the offer according to the rules of the auction.

271. Auctions shall be conducted via the Trading System.

272. Any person who in accordance with the regulations of the Republic of Croatia is not expressly excluded may be an auction participant.

273. Auction participants shall be represented by Member firms or by the Exchange.

274. Auction items may be financial instruments and equity holdings in companies.

275. For each auction the number of auction items representing a package will be determined. Package is the basic auction unit.

276. Each package may consist of one or more identical Instruments of the same Issuer or equity holdings in the same company.

277. Auction parameters will determine

1. auction item,
2. quantity of auction items,
3. starting price,
4. auction type (with a variable or fixed closing),
5. increment of price change (tick) and
6. other quantifiers or data relevant to the course of the auction.

278. The seller shall be responsible for setting auction parameters and for their accuracy.

279. Auction parameters are a constituent part of the advertisement announcing the auction. The advertisement shall be published in at least one daily newspaper available in the entire territory of the Republic of Croatia no later than 7 days prior to the auction date.

280. In the time set for entering Buy orders the representative of the buyer shall enter bids according to the following parameters:

1. Buy orders must be "fill or kill" (FoK);
2. price increment – solely for the auction tick size;
3. quantity must be that defined by the advertisement;
4. minimum starting bid price must correspond to the tick size;
5. if the starting price exceeds the tick, it must be a multiplier of the auction tick.

281. If the starting price exceeds the tick, the Member firm which represents a potential buyer must enter in the system as the Buy order (bid) at least the starting price or the starting price augmented by the auction tick or else a multiplier of the auction tick.

282. If the Member enters a bid price which is lower than the starting price, it shall amend the Order in accordance with the provisions or Article 281 above.

283. In the event that only the Orders which are contrary to the provisions of the previous article are entered, the auction will be invalid and the Member firms which caused the auction to fail will commit a grave violation of the Exchange's Rules by entering such Orders.

284. In the course of bidding, representatives of the buyer may enter their bids specifically:

1. *for the auction with a fixed closing:* between 11:00 and 12:00 a.m.
2. *for the auction with a variable ending:* from 11:00 a.m. until the auction closes, where the auction closing time will be set autonomously by the Trading System between 12:00 and 12:15 by using a random number generator, with no involvement of or influence by Exchange employees.

285. Ask price shall be entered by the Exchange, and the Order shall be a market order and FoK.

286. The quotation of ask prices by the Exchange is possible only after the time for bid entry has expired. By 1:00 p.m. at the latest the Exchange shall:

1. enter the ask price (if the course of the auction produced valid bids), or
2. pronounce the auction invalid, in the event that no bids entered during the auction were valid, or else
3. pronounce the auction failed (if it produced no bids at all).

287. The best bid will be selected by the Exchange's computer system by closing the Sell order against the most favourable Buy order.

288. After the auction closes, auction results will be disseminated to all Member firms of the Exchange via the Trading System and posted on the Exchange's website.

289. The Exchange may request that the Members firms, which represent participants of a public auction, present collateral to be determined by the Exchange in agreement with the seller, to secure the fulfilment of their obligations arising from the legal transactions concluded at auctions.

290. The Exchange and its employees waive responsibility and liability for any direct or indirect damage and/or loss of profits as a consequence of the inability to participate in the auction due to communication difficulties or for other reasons over which the Exchange has no influence.

8.8

OTC TRANSACTIONS

291. Off-Exchange (OTC) transactions conducted by the Member firm may be reported to the Exchange for the purpose of disclosure to the public via the Trading System.

292. The Member firm shall conclude an agreement with the Exchange on the disclosure of OTC transactions and undertakes to disclose any such transactions via the Exchange's Trading System.

293. Any OTC transactions conducted by the investment company which is not a Member firm of the Exchange shall be reported to the Exchange for the purpose of disclosure to the public.

294. The investment company which reports an OTC transaction shall be responsible for the accuracy of data concerning the reported Transaction.

8.9 CLEARING AND SETTLEMENT

295. In clearing and settling the transactions concluded on the Regulated market and the MTP, Member firms shall comply with the rules and regulations of the Institutional settlement system through which clearing and settlement is conducted.

8.10 SPECIALIST TRADING

296. Specialist trading shall be done in respect of shares.

8.10.1 SHARE CLASSIFICATION

297. For the purpose of classification in Specialist trading, shares are divided into classes depending on liquidity.

298. Share classification shall be conducted every three months on the basis of trading data for the past three months.

299. The table with a new share classification shall be disseminated by the Exchange via the Internet 7 days prior to the start of its application.

8.10.1.1 Liquidity

300. The liquidity of a share shall be determined on the basis of:

1. average daily turnover in the respective share, and
2. average depth of the Order book.

301. If the shares meets the Order book depth requirement but does not meet the average turnover requirement, it will be relegated to the lower class than that in which it would be on the basis on the Order book depth.

302. Daily values of the Order book depth shall be calculated each trading day.

303. Specialist Orders shall not be taken into account when calculating the Order book depth.

304. Numerical criteria for the classification of shares, taking into account other circumstances, shall be set by the Exchange.

8.10.1.2 Order book depth

305. The Order book depth (ODB) is a liquidity indicator which measures the change in the price of the security upon entering ask and bid market prices in the amount set, taking into account market and other circumstances, by the Exchange management.

306. The ODB (Croatian abbreviation: DKP) shall be stated in basis points (100 basis points = 1%), and calculated according to the following formula:

$$DKP = 10.000 * \left(\frac{P' - M}{M} + \frac{M - K'}{M} \right)$$

where:

- $M = (K+P)/2$
- M = theoretical price;
- P = best ask;
- K = best bid;
- P' = best ask after entering the market Buy order in the amount set by the Exchange management;
- K' = best ask after entering the market Sell order in the amount set by the Exchange management.

8.10.1.3 Daily turnover

307. For the purpose of calculating the liquidity of a particular share, daily turnovers in kuna, excluding block trades and OTC transactions, shall be taken into account.

8.10.2 CRITERIA FOR ACQUIRING SPECIALIST STATUS

308. Any Member firm which meets the criteria stipulated by this guideline, the Exchange rules, regulations passed by HANFA and law, and which concludes a special agreement with the Exchange may be designated Specialist in respect of an individual share.

8.10.3 SPECIALIST ORDER

309. The Specialist is required to quote simultaneous bid and ask for the share in respect of which it was designated Specialist on each trading day, where these will be deemed valid if:

1. the bid/ask spread is equal to or smaller than the required maximum,

2. the bid and ask refer at any time to the securities volume which is equal to or larger than the required minimum, and if
3. the bid and ask are simultaneous.

310. The Specialist order will be valid only if all the three foregoing requirements are met.

311. The term simultaneous referring to the bid and ask in Specialist Orders concerns the time period in which both the Buy and the Sell order meeting the requirements set out under 1 and 2 of Article 309 are active in the Exchange's Trading System.

8.10.3.1 Minimum time

312. The Member shall keep a valid Specialist order of each trading day quoted for at least 60% of the time in which continuous trading takes place, except as stipulated in Article 313 hereunder.

313. The calculation of the time in which the Specialist order is to be quoted shall not include the following:

1. duration of trading suspension in a particular share, regardless of whether the suspension is technical or prompted by other reasons,
2. duration of the opening session, closing and volatility interruption, or
3. time period in which the Specialist cannot trade due to technical reasons over which it has no influence, starting from the time it notifies the Exchange of the inability to trade until the cause of the trading disruption is eliminated.

8.10.3.2 Cessation of Specialist's daily obligations

314. The duty of the Specialist in respect of a particular share on a certain day shall cease upon expiry of the minimum time as defined by Article 313 above.

315. The minimum time in which the Specialist order is to be quoted shall not include the time in which:

1. the bid/ask spread is larger than the maximum spread required, and/or
2. the volume on the buy and/or sell side is smaller than the minimum required.

316. In calculating the time in which the Specialist order was quoted, only the time in which valid Specialist Buy and Sell orders are simultaneous will count.

8.10.3.3 Temporary relief

317. The Specialist may apply to the Exchange seeking a temporary relief from its obligations with an explanation (e.g. if due to a natural disaster and similar circumstances it may become impossible to make a realistic estimate of the share value, in case of a mandatory takeover bid or if a takeover was initiated etc.).

318. If the application is submitted by 2:00 p.m., the Exchange is required to review it and announce by 4:00 p.m. whether it will be granted or not. If the application is submitted after 2:00 p.m., the Exchange must review it and announce by 10:00 a.m. the next trading day whether it will be granted or not.

319. The Exchange may grant temporary relief from Specialist obligations upon application for a maximum period of 30 days, which in justifiable cases may be extended.

320. The Exchange will promptly inform the public via the Trading System and the Internet of:

1. application by a particular Specialist for temporary relief from its obligations, and
2. granting or denying the respective Specialist's application for relief from its obligations.

8.10.4 BID/ASK SPREAD

321. The maximum bid/ask spread is the difference between the prices of simultaneous Buy and Sell orders of a single Specialist.

322. The maximum bid/ask spread in the Specialist order shall be determined, taking into account market and other circumstances, by the Exchange management.

323. The maximum spread shall be expressed in absolute terms in kuna.

324. The maximum spread in absolute terms shall be calculated by the Exchange once a month for each share which has a designated Specialist, by multiplying the maximum spread in percentage terms for each share class with the average price on the last trading day of the previous month, according to the following formula:

$$S(i) = \text{Limit}(i) * P(i)$$

where:

- i = share ticker
- $S(i)$ = spread of share "i" expressed in kuna
- $\text{Limit}(i)$ = maximum spread expressed as a % of the share class to which share "i" belongs

- $P(i)$ = average price of share "i" on the last day of the previous month

325. The share spread in absolute terms shall be stated in kuna (without lipa) and always rounded to a higher figure.

8.10.5

QUANTITY

326. The minimum buy and sell quantity in the Specialist order (minimum Order amount) shall be determined, taking in to account market and other circumstances, by the Exchange management.

327. The minimum share quantity to be quoted by the Specialist on the buy and the sell side shall be stated in pieces. The Exchange will calculate the number of pieces corresponding to the minimum Order value once a month, according to the following formula:

$$Q(i) = \text{Limit}(i)/P(i)$$

where:

- i = share ticker
- $Q(i)$ = minimum quantity of share "i" expressed in pieces
- $\text{Limit}(i)$ = minimum Order value expressed in kuna for the share class to which share "i" belongs.
- $P(i)$ = average price of share "i" on the last day of the previous month

328. The minimum number of pieces of individual shares in the Specialist Order shall be rounded up to the whole number according to the following principle: Minimum quantity $Q(i)$ from the previous step will be rounded up to the next multiplier of 10. The exception is $25 \cdot P(i) > \text{Limit}(i)$, which will be rounded up to the next multiplier of 2.

329. The minimum number of pieces of individual shares in the Specialist Order calculated in this manner once a month shall be sent by the Exchange to Specialists and posted on the Exchange's website.

8.10.6

NEWLY LISTED SHARES

330. As regards newly listed shares, for which it is impossible to calculate the liquidity parameters necessary for allocation in a certain class, the Specialist shall comply with the Order requirements as if they referred to the share of the average liquidity corresponding to the respective market segment.

331. Upon expiry of a month, the shares shall be classified and obligations of the Specialist aligned with such a classification.

8.10.7 SUPERVISION

332. The Exchange shall monitor the fulfilment of each individual Specialist's obligations.

333. The Exchange shall monitor the fulfilment of Specialist's obligations on a daily and a monthly basis.

334. In the course of a single month the Specialist shall not:

1. fail to fulfil its daily obligations for more than 2 trading days (not consecutive);
2. have valid specialist Orders quoted less than 60% of the total trading time in the respective month.

335. In the event of failure by the Specialist to fulfil its obligations described in Article 334 above:

1. if will forfeit its Specialist status and will not be able to ask to be reinstated as Specialist for the next 6 months, and
2. will be liable for paying the fee difference for the turnover realized as Specialist in the previous 20 trading days.

336. For failure by the Specialist to fulfil its obligations the Exchange may, in addition to the foregoing, impose one of the sanctions envisaged by these Rules.

337. The Member firm which has been designated Specialist for the first time will be tolerated, in the run-in period of the first month, to quote the Specialist Orders only 45% of the trading time on each day of the month.

8.10.8 DATA

338. The Exchange will release statistical data related to the operations and fulfilment of the obligations of individual Specialists on its website each month.

8.10.9 EMERGENCY SPECIALIST

339. In the event that the Specialist should forfeit its status due to extraordinary circumstances (bankruptcy, being banned from business or having its status terminated by the Exchange for failing persistently to fulfil its obligations etc.), to protect market confidence in the share in respect of which it performed specialist trading, the Exchange may designate an emergency Specialist for a period not exceeding 2 months and grant it greater privileges for that period than those stipulated by these Rules.

9 TRADING TRANSPARENCY

340. Trading transparency on the markets managed by the Exchange represents a vital prerequisite for the existence of a fair, transparent and just market.

341. In order to achieve trading transparency, the Exchange will disseminate data on:

1. transactions which have been concluded and
2. Orders transmitted to the Trading System but which have not resulted in transactions (market depth).

342. Data set out in Article 341 above will be disseminated through

1. public media
2. Internet
3. companies distributing data on exchange trading
4. Member firms

in the manner to enable maximum availability of such data to the investment public and anyone interested under reasonable commercial terms.

10 CONFLICT OF INTEREST

343. Capital market participants:

1. Exchange
2. Exchange shareholders
3. Member firms
4. Issuers
5. Members of various bodies and employees of the entities set out in 1 - 3 above
6. Stakeholders of the persons set out in 1 - 3 above (e.g. as shareholders, unit holders or in some other manner)

shall, in the event of a conflict of their own interests with those of other participants, or for the purpose of maintaining a fair, just and transparent market, act in such a manner as to first and foremost protect market interests.

10.1 CONFLICTS OF INTEREST COMMITTEE

344. In case of suspicion as to the existence of a conflict of interest due to which a certain person set out in paragraphs 1 - 6 of Article 343 above might not act in the manner described in that Article, the Exchange will institute proceedings before a Conflicts of Interest Committee, which will determine whether the conflict of interest exists and, if it exists, recommend to the Exchange how to avoid possible negative consequences of such a conflict.

10.1.1 COMPETENCE

345. The Committee has an advisory role. The Committee:

1. issues recommendations or opinions to the Exchange's management with regard to the measures and procedures for avoiding and/or resolving conflicts of interest, which might have a negative impact on:
 - a. business of the regulated market,
 - b. persons which participate in trading on the regulated market,
 - c. regular fulfilment of Exchange obligations
2. issues opinions on concrete cases of possible conflict of interest at the Exchange's request.

10.1.2**MEMBERS**

346. The Committee shall consist of 5 (five) members, of whom 1 (one) is an Exchange representative, 2 (two) represent Member firms (of which at least one must at the same time be an Exchange shareholder, if possible), 1 (one) is a representative of investors and 1 (one) represents issuers of Official or Prime Market shares.

347. Committee members shall be appointed by the Exchange management board for a period of one year. The mandate of Committee members will begin on the day a resolution on their appointment is passed, provided that the appointed person accepts membership of the Committee.

10.1.3**RULES OF PROCEDURE**

348. The procedure of appointing Committee members and other issues related to its work shall be regulated by the Rules of Procedure of the Committee. Any decisions, conclusions, opinions and recommendations of the Committee shall be posted on the Exchange's website.

349. The Rules of Procedure of the Committee shall be passed by the Exchange.

11 SURVEILLANCE

350. The exchange shall supervise

1. Trade on the markets which it manages
2. Member firms
3. Issuers

with respect to the obligations such persons must fulfil as regards the matters regulated by these Rules.

11.1 TRADING SURVEILLANCE

351. Trading shall be supervised on any market, MTP, and in respect of any type of financial instruments.

352. Trading shall be supervised by:

1. monitoring and analyzing the entering of Buy and Sell orders and conclusion of Transactions via the Exchange's Trading System on any market and in respect of any financial instrument listed on the Exchange;
2. monitoring and analyzing other data and information (public media announcements, including the Internet, etc.) which may be of significance for the creation of Transactions and for the terms under which they are concluded;
3. suspending Trading when it is obvious that it may no longer be conducted on an equal footing or is not founded on justified information – all investors shall have equal access to information concerning the financial instruments being traded;
4. monitoring and analyzing requests for Transaction Trade cancellation;
5. taking action to prevent and detect market manipulation or abuse in accordance with the rules and procedures stipulated by these Rules and ZTK provisions.

353. Trading surveillance will be conducted with the assistance of programme tools which allow queries to the database as well as a systematic collection and evaluation of trading statistics and data related to trading to facilitate the necessary investigative proceedings.

11.1.1 RULES AND PROCEDURES TO DETECT AND PREVENT MARKET ABUSE

354. In order to verify whether Exchange Trading is conducted in a fair and regulated manner and detect any potential action indicative of market abuse, the Exchange shall implement measures and procedures aimed at:

1. preventing market abuse
2. detecting market abuse.

355. Provisions of this chapter shall apply to Member firms of the Exchange, in the course of controlling their actions while:

1. managing trading orders
2. executing Members' on-Exchange Transactions via the Trading System in proprietary trading and trading in behalf of the clients account. for the account of their clients.

11.1.2 MEASURES AND PROCEDURES TO PREVENT MARKET ABUSE

356. Procedures to prevent market abuse are in particular:

1. systematic collection and evaluation of trading statistics and data;
2. education of financial market participants on the subject of market abuse;
3. taking measures in cases of price and/or information asymmetry on the Exchange.

11.1.2.1 Observation segment

357. The Exchange may place Issuers' shares and other financial instruments in a special observation segment in order to draw the attention of the investment public to the need for increased monitoring of the circumstances relevant to trading in the respective financial instrument.

358. Any financial instrument or Issuer finding itself in certain specific circumstances which require disclosure to investors may be the subject of surveillance.

359. The monitoring period in respect of listed financial instruments may be of predetermined duration. The reason for placing financial instruments in a special segment lies in different situations related to the Issuer.

360. A list of Instruments and/or Issuers placed in a segment which is subject to monitoring, along with the reasons for monitoring will be posted on the Exchange's website.

361. The Issuer or the Instrument may be placed in a observation segment in the following circumstances:

1. if the Issuer fails repeatedly to fulfil its obligations stipulated by the provisions of these Rules which regulate Issuer's responsibilities, or delays their fulfilment,
2. if the Issuer is undergoing a takeover bid or the bidder has disclosed its intention to publish the takeover bid for the Issuer;
3. if the Issuer is undergoing division or merger;
4. in case of unconfirmed market rumours which may have a significant effect on the price movement of the Instrument;
5. if significant management or supervisory board or management board or AGM decisions are due;
6. in case of any other circumstances which may lead to significant uncertainty in determining the value of the Instrument.

11.1.3

MEASURES AND PROCEDURES TO DETECT MARKET ABUSE

362. Measures and procedures which may be used to detect market abuse include in particular:

1. monitoring trends and detecting major deviations in price movement or turnover of individual financial instruments;
2. monitoring trends and detecting major deviations in the frequency of Orders, their presence in the Order book and execution through Transactions;
3. monitoring and analyzing price formation in individual stages of trading in certain financial Instruments;
4. monitoring the procedure of Trade cancellation;
5. monitoring the connection between disclosure by the Issuers of financial instruments and turnover and price movements prior to and after disclosure;
6. monitoring the connection between the publication of market research by Member firms or related persons and their trade in individual Instruments prior to and after the release of such research to the public;
7. conducting surveillance of Member firms of the Exchange.

11.1.4

ASSESSMENT PRINCIPLES ON SUSPICION OF MARKET ABUSE

363. In determining whether the activities of the Member firm or another person are such as to give rise to suspicion of market abuse, in addition to the circumstances set out by the provisions

of ZTK and the ordinances passed by HANFA, the Exchange shall take in to account in particular:

1. whether the activity affects market liquidity and efficiency;
2. whether the activity enables timely and appropriate reaction by all market participants to new market conditions, created by such activity;
3. whether the activity presents a risk to the market integrity;
4. structural characteristics of the market, type of financial instrument, characteristics of the respective market participants;
5. significant changes in the market environment, including but not limited to the rules of trading;
6. HANFA's opinions and recommendations concerning the detection and prevention of market abuse.

11.1.5 PROCEDURE WITH UNUSUAL ORDERS, TRANSACTIONS OR MEMBER ACTIVITIES INDICATIVE OF MARKET ABUSE

364. In case of identifying unusual Orders, transaction or activities which indicate the possibility of market abuse (extraordinary events), the trading supervisor will, depending on the particular case:

1. seek Issuer's response, if necessary;
2. seek Member firm's response, if necessary;
3. request delivery of necessary trading documents by the Member firm;
4. perform analysis of historical data related to Orders and Transactions;
5. send collected documents and a description of circumstances constituting the Extraordinary event to HANFA.

11.1.6 MEASURES ENFORCED BY THE EXCHANGE

365. In order to preserve market integrity, protect investors and ensure fair and regular market activities, in the event that a Buy or Sell order was issued or Transaction concluded in the manner which might give rise to the effects contrary to the regulations of the Republic of Croatia or Exchange's Rules, the Exchange has the right as part of surveillance to:

1. order the Member firm to withdraw the issued Order,
2. delete the issued Order,

3. cancel the on-Exchange Transaction;
4. inspect records and documents of the Member firm which the Exchange deems necessary for conducting surveillance;
5. impose one of the measures envisaged by the Rules on the Member firm;

11.1.6.1**Trade cancellation;**

366. The Exchange may cancel the Transaction to protect:

1. public interest
2. investors
3. fair and regular performance of market activities.

367. The Exchange shall have the right to annul the Transaction:

1. which may lead to a distorted view of the market with respect to the price and quantity of the Instrument;
2. which is a result of an obvious error in entering Order parameters into the Trading System.

368. The Exchange will cancel any Transactions at the written request of authorized bodies.

369. The Transaction may be cancelled solely by the Exchange or persons authorized by law to do so.

370. The Transaction resulting from:

1. opening procedure, in which the opening price (initial price of a particular financial Instrument on the respective trading day) is determined;
2. volatility interruption procedure (price at the end of the volatility interruption)

may not be cancelled.

371. Trade cancellation does not preclude the obligations arising from it in respect of the Exchange.

372. In case that it cancel the Trade, the Exchange will notify the parties to the Transaction, HANFA and the public promptly of the annulment on the Exchange's website.

373. The Exchange will cancel any Transaction within 15 minutes of learning of possible reasons for the annulment, and no later than 15 minutes after trading closes.

11.1.6.1.1**Placing wrong Order entry parameters**

374. The Exchange may cancel any Transaction it deems necessary for maintaining a fair and regular trading environment and for protecting investor and public interest under the

circumstances in which one or several elements of the Transactions (e.g. Instrument price or quantity or Instrument ticker) are obviously wrong.

375. The Exchange shall annul the Transaction as soon as the circumstances giving rise to the annulment arise, and shall notify the parties to the Transaction of the Trade cancellation without delay.

376. The Exchange will not cancel the Transaction resulting from an erroneous entry of the Order price if the respective Order results in the Transaction within the current normal trading range, and has no characteristics described in Article 377 hereunder.

377. It is deemed necessary to cancel the Transaction which may cause a significant and an illogical change in the total view of the trading activity, in particular in the following circumstances:

1. if it deviates considerably from the predominant market price prior to the time of Transaction;
2. is such a change is sudden and of extraordinary nature, causing a movement of the highest or lowest (daily) price.

378. In assessing the circumstances set out in Article 377 above, the Exchange will take into account:

1. current market circumstances;
2. trading activity;
3. volatility, and
4. size of the Transaction.

379. Irresponsible or negligent conduct by either Transaction party which may lead to the Trade cancellation represents a violation of these Rules.

380. The party which becomes aware that the Transaction was concluded on the basis of erroneous Order entry shall send notification of the fact within 10 minutes of its execution (but no later than 5 minutes after continuous trading closes).

381. As soon as it receives notification from the Member firm or becomes aware of the irregularity itself, the Exchange shall send notification via the Trading System that the particular Transaction is being verified, which means that it may be cancelled.

382. The Exchange shall send notification of the Trade cancellation via the Trading System and post it on the Exchange's website.

383. In Trade cancellation, the Exchange shall take particular care not to create a distortion in the market in view of already

released trading data. The Transaction which sets the closing price on a certain trading day may be reviewed only under exceptional circumstances.

11.2 SURVEILLANCE OF MEMBER FIRMS

384. Supervision of Member firms represents monitoring of whether they fulfil their obligations stipulated by the Rules; it refers primarily to the monitoring and detection of violations of the following provisions of the Rules:

1. rules of trading,
2. rules to prevent and detect market abuse set out in this chapter of the Rules,
3. meeting the criteria for membership.

385. The Exchange employees authorized by the Exchange in writing shall have the right to supervise the Member firm by inspecting all the books and records kept by the Member firm in respect of its business operations. Member firms are required to provide access by the persons authorized by the Exchange to their business premises, books and records and other documents which may be necessary for conducting surveillance.

386. The Surveillance set out in Article 385 above is subject to no previous notice.

387. The persons authorized to conduct surveillance of the Member firm are also authorized, without additional powers, to seek and obtain necessary data and explanations directly from the auditors of the Member firm.

388. Any data obtained in the course of surveillance according to the provisions of this Article by the persons conducting supervision, with the exception of any data concerning proven irregularities which have been confirmed by the Exchange, are confidential and shall not be disclosed to third parties. This provision does not apply to the notifications to HANFA or reporting to other competent government agencies.

11.3 SURVEILLANCE OF ISSUERS

389. The Exchange shall supervise the compliance of the Issuer's conduct with the provisions of these Rules of the Exchange, in particular as regards:

1. Delivery of financial reports within the time frame stipulated by ZTK and these Rules;
2. Delivery of invitations to and resolutions of the AGM stipulated by ZTK and these Rules;

3. Delivery and/or disclosure of other data which are subject to delivery and/or disclosure pursuant to provisions of ZTK and these Rules.

11.3.1 TEMPORARY TRADING SUSPENSION OF INSTRUMENT

390. The Exchange shall suspend trading in a particular Instrument:

1. as a result of decision by the competent government body;
2. in case the suspension may be necessary for the purpose of implementing a certain change related to the Instrument which is the responsibility of the Institutional clearing and settlement system;
3. in the event of failure by the Issuer to comply with the provisions of the Rules in the section which sets out its post-listing requirements.

12 DISCIPLINARY COMMITTEE

391. The Exchange shall appoint members of the Disciplinary Committee from the list of proposals submitted by Member firms and Issuers.

392. In the event that, as a result of conducted supervision, the Exchange imposes certain sanctions on the Issuer or Member firm, the Exchange's management shall seek the opinion of the Committee on the particular case, unless the Committee has already issued an opinion on an identical case.

12.1 COMPETENCE

393. The Committee is the body which:

1. prepares advice, recommendations and opinions related to concrete cases of disciplinary measures which the Exchange may take against Issuers and Member firms,
2. may initiate supervision procedure, and
3. recommends improvements in the surveillance procedures conducted by the Exchange and in the system of measures taken by the Exchange to protect market integrity.

394. The advice, recommendation and opinion prepared by the Committee at the request of the Exchange shall be prepared by the Committee within 30 days of the respective request, and in case of failure the Exchange shall take action regardless of the absence of requested opinion, advice or recommendation.

395. The Committee member who, for some reason, has a conflict of interest in performing any activities in the competence of the Committee shall be excused from participating in the Committee activities when it decides on the matter which gives rise to that conflict of interest, either at his/her own initiative or at the initiative of a Committee or Exchange member. Such an exemption of the member shall be decided by the Committee, with the member concerned not having a vote.

12.2 MEMBERS

396. Committee members shall be prominent experts from the economic, legal or financial profession. At least 4 Committee members shall have special expertise in the field of the capital market.

397. The Committee shall consist of 7 members. Committee members shall be appointed by the Exchange's management board for a term of 2 years, with:

1. one member from the ranks of arbitrator on the list of the Permanent Arbitration Court of the Croatian Chamber of Economy;
2. one member being a professor at the Faculty of Economics and Business;
3. one member being a professor at the Faculty of Law
4. one member being proposed by the Association for Business and Intermediation on the Financial Markets within the Croatian Chamber of Economy;
5. one member being proposed by the Association of Pension Fund Management and Pension Insurance Companies;
6. one member being proposed by the Association of Investment Fund Management Companies;
7. one being a member of the Exchange's management.

12.3 DECISION-MAKING

398. The Committee may take its decisions only if at least five members attend the meeting.

12.4 OTHER MATTERS

399. Other matters related to the work of the Committee shall be defined by the Rules of Procedure passed by the Exchange.

13 MEASURES TO PROTECT MARKET INTEGRITY

400. In case of any violations of the provision of the Rules by the Issuer, the Exchange's management may impose one of the following sanctions:

1. Non-public rebuke
2. Public rebuke
3. Fine
4. Delisting

401. The Exchange's management may impose one of the following sanctions on the Member firm:

1. Non-public rebuke
2. Public rebuke
3. Fine
4. Termination of membership which may be:
 - a. temporary (suspension)
 - b. permanent

402. Fine, suspension of a pre-determined duration and termination of membership as sanctions may be suspended for a period of up to two years at most. In that case, the enforcement of the respective measure is subject to a repeated violation of the Rules by the Member firm in that period.

13.1 REBUKE

13.1.1 NON-PUBLIC REBUKE

403. Non-public rebuke shall be imposed in case of lesser violations of the Rules.

13.1.2 PUBLIC REBUKE

404. Public rebuke shall be imposed on the Member firm in the event that the Exchange decides that the non-public rebuke would not sufficiently affect the conduct of the respective Member firm or Issuer.

405. Public rebuke may be imposed on the Member firm as a separate measure only once.

406. The next and any other subsequent rebuke shall be imposed on the Member firm cumulatively, along with a fine.

13.1.3**FINE**

407. Fine may be imposed for grave or repeated violations of the Rules, and is mandatory in case of the second non-public or public rebuke.

408. The amount of fine shall be set according to the following criteria:

1. up to 150,000 kuna, when imposed along with a rebuke;
2. up to 300,000 kuna, when imposed as a separate measure for a grave violation of the Rules or along with a suspension;
3. up to 600,000 kuna, when imposed for a particularly grave violation of the Rules.

409. In setting the amount of fine payable by the Member firm, the Exchange shall take into account the likely effect of the fine on the future conduct of the Member firm or Issuer as well as the size and the financial strength of the respective Member firm or Issuer.

13.2**TERMINATION OF MEMBERSHIP****13.2.1****SUSPENSION OF MEMBER FIRM**

410. The Member firm shall be suspended (its right to conclude transactions on the Exchange revoked for a certain period of time):

1. due to a grave violation of the Rules (as a sanction);
2. in case of illiquidity or evident risk of settlement default (as a cautionary measure)
3. in the event that the Member firm temporarily fails to meet the criteria for membership.

411. Suspension may be imposed:

1. for a pre-determined period of time – up to a maximum of three months, or
2. until the reasons for suspension have been eliminated. When imposed in such a manner, suspension shall be accompanied by a fine.

412. In case of suspending the Member firm, the respective resolution shall state the duration of suspension and whether it will be lifted under certain circumstances as well as the procedure to determine if such circumstances have arisen.

413. In the event that the Member firm has been suspended pending the elimination of irregularities in its business operations

or conduct which gave rise to the suspension, and the circumstances for its lifting do not occur even upon expiry of 6 months from the day this measure was imposed, the Exchange shall also impose a mandatory additional fine. If the circumstances envisaged for the lifting of suspension do not occur even after another three months have expired, this will represent a particularly grave violation of the Rules, prompting the Exchange to terminate the membership of such a Member firm.

414. For the duration of suspension, the Member firm is required to adhere to all the Exchange's regulatory documents and to regularly fulfil any obligations to principals (Clients), other Member firms and the Exchange arising out of such documents.

13.2.2

PERMANENT TERMINATION OF MEMBERSHIP

415. Permanent termination of membership as a sanction shall be imposed:

1. in cases of particularly grave violations of the Rules, or
2. in case of repeated violations of the Rules, if the Exchange decides that other measures have proven insufficient to avert the Member firm from further violations.

13.3

DETERMINING SANCTION TYPE AND SIZE

416. In determining the type of sanction to be imposed on the Member firm/Issuer for violating provisions of the Rules and setting the amount of fine and the duration of suspension, the Exchange shall take into account any circumstances related to the violation as well as any previous non-compliance by the Member firm/Issuer with regulatory Exchange documents.

417. In the course of the procedure which precedes the imposition of the sanction, the Exchange will allow the Member firm/Issuer to present in writing its view of the circumstances which gave rise to possible violations of the Rules.

418. In the course of the procedure which precedes the imposition of the sanction, the Exchange or the person or persons authorized by the Exchange in writing may:

1. Interview any individuals who, in the Exchange's opinion, may provide information relevant to the assessment of the circumstances related to possible violations of the Rules;
2. Conduct surveillance of the Member firm in accordance with the provisions of the Rules.

419. Any persons authorized to represent the Member firm, as well as the members of its management and employees shall heed the summons to the interview, answer any questions and submit any documents which may be requested from them by the Exchange in relation to the subject of the interview. Any action to the contrary represents a grave violation of the Rules.

420. The violation of the Rules of the Exchange may be minor, grave or particularly grave.

421. In the assessment of the gravity of violations, the Exchange shall take into account in particular:

1. Material damage incurred;
2. Damage to the reputation of:
 - a. the Exchange,
 - b. Member firm,
 - c. Investors.
3. Damage to the public perception of confidence in the market;
4. Frequency of violations of the Rules;
5. Other circumstances which may affect the assessment of the gravity of violations.

14 TRANSITIONAL AND FINAL PROVISIONS

14.1 INTERPRETATION

422. The authentic interpretation of the provisions of these Rules shall be provided in writing by the Exchange upon written request of any party or at its own initiative. The titles of individual sections of the Rules serve only to facilitate navigation through the text. The guidelines to help the implementation of the Rules shall be issued by the Exchange.

423. Prior to providing the interpretation, the Exchange may request additional explanations or clarifications from the person asking for it. The Member firm seeking interpretation is required to supply the said explanations through an authorized representative. The representative of the Member firm shall supply additional explanations orally at the Exchange premises or in another location designated by the Exchange, or in writing.

14.2 CESSATION OF MEMBERSHIP

424. The Member firm whose membership has ceased shall keep its Member seat.

14.3 INSTRUMENTS AND NEW MARKET STRUCTURE

425. The Instruments which were traded on the Parallel Market and the Rights Market shall be included in trading on the MTP which is managed by the Exchange.

426. The Instruments which, in accordance with the provisions of paragraphs (5) and (6) of Article 592 of ZTK, have been included in the Regulated market shall be deemed listed in the Official or in the Regular Market, with no need for additional payment of any listing fees.

427. Issuers of the Instruments which, in accordance with the provision of paragraph (6) of Article 592 of ZTK, have been listed in the Regulated market shall conclude an appropriate listing agreement with the Exchange by 30th September, 2009.

14.4 TRADING

428. Chapter 8 (with the exception of Section 8.10) of these Rules shall apply as soon as the Exchange, in collaboration with the provider of the Trading System, establishes technical prerequisites for the implementation of Chapter 8.

14.5**EFFECTIVE DATE**

429. These Rules shall take effect on 20th July, 2009 (taking into account the provisions of Article 428 above). By taking effect, these Rules derogate the Rules of the Zagreb Stock Exchange which are in force at the time of approval of these Rules (Old Rules), except for the matters which are regulated by its Chapter 8 (with the exception of Section 8.10) of these Rules, to which relevant provisions of the Old Rules shall apply until the circumstances described in the previous article arise.