



ZAGREBAČKA
BURZA

Zagreb Stock Exchange

EXCHANGE RULES

Zagreb, June 2017

DISCLAIMER:

Please note that this is a convenience translation of the Exchange Rules which serves for information purposes only.

The original Croatian text is binding in all respects.

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Pursuant to the provision of Article 294 of the Capital Market Act (Official Gazette Nos 88/08, 146/08, 74/09, 54/13, 159/13, 18/15, 110/15, and 123/16), at its 183rd meeting held on 12 June 2017, the Management Board of the Zagreb Stock Exchange adopted the following

EXCHANGE RULES

1. INTRODUCTORY PROVISIONS

General Provisions

Article 1

(1) These Rules regulate the following:

1. scope and organisation of business of the Exchange;
2. membership, including the provisions on:
 - a) admission to membership,
 - b) organisational, personnel and technical requirements for admission membership as well as the requirement of settlement of on-Exchange transactions,
 - c) rights and obligations of member firms,
 - d) suspension and termination of membership;
3. types and methods of trading, including the provisions on the clearing and/or settlement systems which member firms may use to clear and/or settle any transactions concluded;
4. trading transparency;
5. financial instruments which may be traded on the regulated market managed by the Exchange, including the provisions on:
 - a) criteria for listing financial instruments on the regulated market,
 - b) obligation to disclose price sensitive information,
 - c) temporary suspension of trading,
 - d) delisting;
6. trading surveillance, and the provisions on the prevention and detection of market abuse;
7. measures to protect market integrity.

(2) These Rules shall apply together with other acts of the Exchange referred to in the Rules or adopted by the Exchange within the scope of its powers.

Objectives and Principles

Article 2

In the interpretation and application of the provisions of these Rules, the following objectives and principles need to be taken into account:

1. investor protection;
2. fair, orderly and efficient market;
3. information balance among all market participants;
4. public disclosure of price sensitive information on the issuers and/or financial instruments traded on the regulated market;
5. reduction of systemic risk and
6. prevention of any conflicts of interest arising between the interest of the Exchange and/or that of its shareholders and/or member firms and/or issuers and the public interest in the operation of the regulated market.

Scope and Organisation of Business

Article 3

(1) Within the scope of its business, the Exchange shall perform the activities related to trading in financial instruments listed on the regulated market determined by these Rules, in particular the following:

1. management of the regulated market;
2. collection, processing and dissemination of trading data;
3. tasks related to the development, maintenance and disposal of the software necessary to perform the activities referred to in points 1 and 2 of this paragraph, and
4. any other tasks placed within its competence under the law and other regulations.

(2) The organisation of the Exchange shall be defined by the Rules of Internal Organisation and Job Classification of the Zagreb Stock Exchange, Inc.

Definitions

Article 4

(1) For the purpose of these Rules, other acts of the Exchange and contracts entered into by the Exchange, the following terms shall have the following meanings unless evidently implied otherwise by the content of particular provisions:

1. **Agency** – the Croatian Financial Services Supervisory Agency;
2. **actively managed ETF** – a UCITS ETF, in which the management company exercises discretionary powers with regard to the content of the portfolio which depend on the investment goals and policies;
3. **block trade** – a transaction in financial instruments listed on the regulated market which, by its size, exceeds the usual size of the market, arranged bilaterally and made via the Exchange trading system, in accordance with these Rules;
4. **Exchange** – the Zagreb Stock Exchange, Inc.;
5. **Price List** – the Price List of the Zagreb Stock Exchange, Inc.;

6. **price sensitive information** – regulated information and inside information defined by the CMA, by Regulation (EU) No 596/2014, other regulations and the provisions of these Rules;
7. **CROBEX®** – the share index created and calculated by the Zagreb Stock Exchange, Inc. whose composition, methodology and other characteristics are defined by an Exchange resolution;
8. **member firm** – a person which concludes a contract with the Exchange for membership of the Zagreb Stock Exchange, Inc.;
9. **management company** – a legal person domiciled in the Republic of Croatia or other Member State which has been authorised by a competent authority to engage in the management of UCITS and alternative investment funds;
10. **Member State** – a Member State of the European Union and a signatory state of the Agreement on the European Economic Area;
11. **debt securities** – securities defined in the manner laid down by the provisions of the CMA;
12. **ETF** (Exchange Traded Fund) – an open-end investment fund with a public offering (UCITS fund)
 - a. replicating a specific index or actively managed ETF
 - b. whose units are listed on the regulated market managed by the Exchange and
 - c. which has been authorised to operate as a UCITS fund.
13. **ex date** – the first day of trading in shares with no right to payment in cash and/or securities (settlement cycle minus -1 (one) business day of the central depository from the record date);
14. **financial instruments** – financial instruments laid down in Article 3(1)(2)(a) through (c) of the CMA;
15. **fund replicating a specific index** – a UCITS ETF with a strategy which replicates or tracks the performance of one or more indices;
16. **iNAV** (indicative net asset value) – an intra-day NAV measure based on the latest information;
17. **indicative price** – the price of a financial instrument computed by the trading system during the bidding phase, in accordance with Article 200 of these Rules;
18. **Internet connection** – a communication link using the Internet;
19. **issuer** – a legal person, including the government, which has concluded a contract with the Exchange to list financial instruments on the regulated market;
20. **client** – a person to whom a member firm provides services within the scope of the investment services and activities performed;
21. **order book** – a part of the trading system which contains all the orders under which transactions may be concluded;
22. **Code of Corporate Governance** – the Code of Corporate Governance developed by the Exchange and the Croatian Financial Services Supervisory Agency;
23. **corporate actions** – include any activities relating to the exercise of rights attaching to securities, and to the changes concerning securities or status changes of the issuer;
24. **short selling** – transaction in a financial instrument which the member firm has borrowed, or agreed to borrow, for delivery on settlement;
25. **qualified interest** – any indirect or direct interest in a company which represents a participation of 10 %, 20 %, 30 % or 50 % in the capital or voting rights or which enables a significant influence on the management of the company within the meaning of the CMA;

26. **home Member State** – home Member State defined in the manner laid down by the provisions of the CMA;
27. **measures to protect market integrity** – measures which the Exchange is authorised to undertake under these Rules in respect of the member firm or issuer to protect a fair, orderly and efficient market and to protect investors;
28. **order** – an instruction to buy or sell financial instruments which the member firm enters, on its own behalf and for its own account or for the account of a client, in the Exchange trading system;
29. **NAV** – net asset value per unit of the UCITS fund;
30. **market maker** – an Exchange member which, under a contract concluded with the Exchange, assumes special obligations with regard to maintaining liquidity of a particular financial instrument for a period of time during the trading session by simultaneously quoting bid and ask prices;
31. **person discharging managerial responsibilities** – person specified in Article 3(1)(25) of Regulation (EU) No 596/2014.
32. **OTC (over-the-counter) transaction** – a transaction in a financial instrument concluded off the regulated market or multilateral trading facility;
33. **open-end investment fund** – an open-end investment fund with a public offering (UCITS fund) defined by the act regulating the establishment and operation of open-end investment funds with a public offering;
34. **data link** – line of communication operated by a trading system connection services provider which serves for maintaining a direct data connection with the trading system and other parts of the Exchange information system;
35. **data connections** – any communication links intended for the exchange of data, and used by member firms or other users to access the trading system and other parts of the Exchange information system;
36. **quote, bid and ask quote** – an instruction to simultaneously buy and sell financial instruments which the market maker enters in the Exchange trading system on its own behalf and for its own account;
37. **list of insiders** – a list defined in Article 18 of Regulation (EU) No 596/2014;
38. **regulated information** – information defined in Article 395(1)(4) of the CMA;
39. **inside information** – information defined in Article 7 of Regulation (EU) No 596/2014;
40. **Exchange Rules** – these Rules;
41. **kill switch** – a mechanism that allows cancelling of all member firm’s outstanding orders and prevents entering new orders;
42. **temporary suspension of trading in a financial instrument** – a measure to temporarily prevent trading in a particular financial instrument via the Exchange trading system;
43. **application software of the member firm** – application software developed by using the Application Programming Interface (API) or other appropriate protocol laid down by the Exchange;

44. **Application Programming Interface (API)** – a technical specification of transaction messages used for exchanging data between the computer system of the member firm or another user and the trading system, used for the purpose of developing application software of the member firm or another user;
45. **computer system of the member firm** – includes the application software, computer and communication equipment, and data link for data exchange between the computer system of the member firm and the trading system;
46. **record date** – the date on which a record of the holders entitled to a payment in cash and/or securities is determined;
47. **reference price** – the price of the last transaction in a financial instrument determined in an auction and/or in the main trading session, except in the case referred to in Article 159(3) of these Rules;
48. **central depository** – a central register of dematerialised securities specified in Article 488 of the CMA;
49. **central register** – a central register of dematerialised financial instruments specified in Article 489 of the CMA;
50. **structured products** – transferable securities specified in Article 3(1)(3.c) of the CMA;
51. **underlying instrument** – a transferable security, currency, interest rate or yield, commodity, index or other measure of size on the value of which the value of other financial instruments depends;
52. **transaction** – a legal transaction of buying and selling financial instruments which results from matching respective buy and sell orders via the Exchange trading system, in accordance with the provisions of these Rules;
53. **third country** – any country which is not a Member State;
54. **trading** – a procedure of entering buy and sell orders and concluding transactions in financial instruments via the Exchange trading system;
55. **trading day** – a day on which the trading system is open to member firms to conclude transactions;
56. **trader work station** – application software used by the member firm for deals in the trading system;
57. **trading system** – application software, computer and communication equipment and data access network used for the exchange of data between the computer system of the member firm or other users and the Exchange trading system;
58. **management and supervisory board** – the management and supervisory board, as defined by the provisions of the Companies Act, or by the provisions governing the establishment and operation of companies; if a joint stock company has the managing board, the provisions of these Rules relating to the management and supervisory board shall apply *mutatis mutandis* to the managing board;
59. **Commission Regulation (EC) No 1287/2006** – Commission Regulation (EC) No 1287/2006 of 10 August 2006 implementing Directive 2004/39/EC of the European Parliament and of the Council as regards record keeping obligations for investment firms, transaction reporting, market

transparency, admission of financial instruments to trading, and defined terms for the purposes of that Directive;

60. **Regulation (EU) No 596/2014** – Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (MAR – market abuse regulation);
61. **regulated market** – regulated market within the meaning of Article 3(1)(20) of the CMA managed by the Zagreb Stock Exchange, Inc.;
62. **person closely associated** – a person specified in Article 3(1)(26) of Regulation (EU) No 596/2014;
63. **e-trade** – a contract under which the member firm allows certain clients to electronically issue orders via the Internet which are sent automatically to the Exchange trading system via the member firm's internal computer system with an identification code of the member firm;
64. **listing / admission to trading** – the procedure which enables trading in a financial instrument on the regulated market;
65. **last price** – the price of the last transaction in the financial instrument on a particular trading day;
66. **application for listing** – application to have the financial instruments listed / admitted to trading on the regulated market;
67. **closing price** – the price of the last transaction in the financial instrument on a particular trading day; If the financial instrument is not traded on a particular trading day, the closing price on the previous trading day shall be taken as the closing price;
68. **closed-end investment fund** – a closed-end alternative investment fund (closed-end AIF) with a public offering as defined by the act regulating the establishment and operation of alternative investment funds;
69. **CA** – the Companies Act (NN Nos 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 144/12, 68/13, and 110/15);
70. **CMA** – the Capital Market Act (NN Nos 88/08, 146/08, 74/09, 54/13, 159/13, 18/15, 110/15 and 123/16);

(2) Any terms used in these Rules which have been stated in either singular or plural form shall be taken to refer *mutatis mutandis* to both singular and plural, unless required otherwise by the context.

(3) A reference to a particular act or other legal regulation shall imply any future amendment to such law or regulation.

Manuals and other documents

Article 5

(1) Any manuals and other acts (resolutions, standards, etc.) necessary for the implementation of these Rules shall be issued by the Exchange.

(2) The Exchange shall publish the acts referred to in paragraph 1 of this article on its website at least 7 (seven) days prior to the commencement of their application.

(3) In the event of a conflict of the provisions of these Rules and manuals or other acts of the Exchange, the provisions of the Rules shall apply.

2. MEMBERSHIP

Article 6

This section of the Rules refers to the criteria for the grant of member status and termination of membership of the Exchange, as well as to the rights and obligations of member firm arising from membership and to related procedures.

2.1 GRANT OF MEMBER STATUS

Article 7

- (1) Member status shall be granted at the time of concluding a membership agreement.
- (2) A resolution on admission to membership shall be adopted by the Exchange.
- (3) On being granted member status, the member firm shall agree irrevocably to comply with these Rules and other acts of the Exchange.
- (4) Member status may not be acquired by succession.

Eligible Members

Article 8

- (1) Any investment company or credit institution in the Republic of Croatia, Member State or a third country may become a member of the Exchange, provided that they meet the criteria laid down in the CMA and these Rules and detailed in other acts of the Exchange.
- (2) A person which meets specific criteria stipulated by Article 9 of these Rules may become a member of the Exchange with limited trading rights.
- (3) Any other person may also become a member of the Exchange in accordance with the provisions of the regulation which governs the resolution of credit institutions and investment companies.

Specific Criteria for Members with Limited Trading Rights

Article 9

- (1) In addition to the membership criteria defined by these Rules, the person referred to in Article 8(2) of these Rules shall also meet the following criteria:
 1. have the legal form of a joint stock company, limited liability company or European company (*societas europea*);
 2. have a minimum share capital of HRK 400,000.00;
 3. carry on its business activities uninterruptedly for at least 3 (three) years;
 4. enjoy a good reputation;
 5. have in place a risk management system proportionate to the type, scope and complexity of the services and activities it carries on, as well as an appropriate internal control system;
 6. evidence from trading data of having concluded more than 10 (ten) transactions a month on the capital market in the past 3 (three) financial years; and
 7. have a portfolio of investments in financial instruments, including cash deposits, in excess of HRK 3,500,000.00.

Prerequisites for Admission to Membership

Article 10

The person applying for membership shall hold a member seat and shall meet the criteria for admission to membership laid down in these Rules.

Member Seat

Article 11

- (1) A member seat may only be acquired for the purpose of admission to membership of the Exchange.
- (2) A member seat may be acquired from the Exchange or from another person holding a member seat, subject to a prior approval of the Exchange.
- (3) If a member seat is acquired from another person holding it, which is in default of its pecuniary liabilities or which has not performed other obligations to the Exchange, the Exchange may refuse to grant approval for the transfer of the member seat.

Article 12

- (1) Each member may hold no more than one member seat.
- (2) By way of derogation from paragraph 1 of this article, a member firm may hold two or more member seats if these have been acquired in the process of acquisition, merger or division of the company.

2.2 ORGANISATIONAL, PERSONNEL AND TECHNICAL REQUIREMENTS FOR MEMBERSHIP

2.2.1 Organisational Requirements

Organisational Requirements

Article 13

- (1) Members shall have appropriate authorisation of the Agency or Croatian National Bank or of the competent authority of the home Member State or a third country to provide investment services and engage in investment activities and ancillary services.
- (2) The provision of paragraph 1 of this article shall apply *mutatis mutandis* to any persons referred to in Article 8(2) of these Rules.

2.2.2 Personnel Requirements

Article 14

- (1) Each member firm shall have at least one authorised person, either employed or in such other legal capacity as may be necessary to do broker work, and who is trained to execute deals in the trading system.
- (2) Member firms shall designate:
 1. at least one person responsible for supervising the member's computer system, in particular in respect of:

- a) administering broker's identification codes, as well as assigning user names and passwords and rights of access to the trading system to all trading system users of the relevant member firm;
 - b) assigning the specific levels of rights to use the trading system, for the members using the API to access the trading system;
 - c) member firm's application software, computer and communication equipment and the access and connection to the trading system in compliance with Exchange requirements, supervision and administration of Exchange queries relating to the member's application software, computer and communication equipment and data links to the trading system;
2. a person authorised for decision-making in emergency situations who must be available between 8:00 and 18:00 hours on each trading day.
- (3) Member firms shall notify the Exchange without delay of a change of the persons referred to in paragraph 1 and 2 of this article.
- (4) If the member firm engages in market making, the person performing such activities at the member firm must be trained for market making activities in the trading system.
- (5) The member firm shall continue to maintain an appropriate level of professional competence of the persons set forth in paragraphs 1, 2 and 4 of this article, in accordance with these Rules and other acts of the Exchange.
- (6) For the purpose of acquisition or maintaining the level of knowledge and skills necessary to execute certain deals in the trading system, the Exchange may lay down an obligation of training and professional development for the persons executing such deals at the member firm.

2.2.3 Technical Requirements

Member firm computer system

Article 15

- (1) Member firms shall have a computer system which is technically aligned and connected to the trading system via appropriate data links.
- (2) Data links referred to in paragraph 1 of this article shall be managed by an authorised provider of connection services to the trading system to be designated by the Exchange, and shall meet the specific requirements with regard to the bandwidth, reliability and other technical characteristics.
- (3) The Exchange enables access to the trading system to member firms via the trader work station or via their application software, developed by using the API or another appropriate protocol.
- (4) Each member firm shall provide and be responsible for the orderly functioning of its computer system.

Member Firm's Application Software

Article 16

- (1) Each member firm shall ensure continuous compliance of the application software with the requirements set forth in the technical documents, as well as with the protocols used for communication with the trading system and any amendments thereto.

(2) If the application software of a member firm is not compliant with the requirements set forth in the technical documents or protocols for communication with the trading system, the Exchange may disable the member firm's access to the trading system until such time as the application software of the member firm is compliant with the requirements set forth in the technical documents and protocols for communication with the trading system.

Computer and Communication Equipment

Article 17

(1) Each member firm shall ensure that its computer and communication equipment is connected to the trading system by being continuously compliant with the requirements set forth in the technical documents.

(2) Computer and communication equipment of the member firm shall function uninterruptedly so as to enable connecting to and maintaining a stable and reliable data connection to the trading system.

(3) Where the computer and communication equipment of a member firm does not enable a constant and reliable data link to the trading system, the Exchange may disable the member firm's access to the trading system until such time as the computer and communication equipment is compliant with the requirements set forth in the technical documents.

(4) Member firms shall prevent access by unauthorised persons to the computer and communication equipment.

(5) Computer and communication equipment must be set up in such a manner as to prevent unauthorised access to the trading system.

(6) Any costs of the computer and communication equipment and of installing the equipment on the premises of the member firm, including the costs of a data connection to the trading system, shall be paid by member firms.

Security Standards

Article 18

(1) If a member firm takes or fails to prevent any action which compromises or which might compromise the orderly functioning of the trading system, including but not limited to the trading system's security settings and functionalities, etc., the Exchange may disable the member firm's access to the trading system.

(2) Each member firm shall be liable for any damage incurred in the case referred to in paragraph 1 of this article.

2.2.4 Settlement of On-Exchange Transactions

Article 19

Member firms shall provide for the clearing and settlement of transactions concluded on the regulated market in one of the following ways:

1. through membership of the clearing and/or settlement system through which on-Exchange transactions are settled, or

2. under a contract with a member of the clearing and/or settlement system which provides for the settlement of on-Exchange transactions for the account of the member firm.

2.3 ADMISSION TO MEMBERSHIP PROCEDURE

Article 20

(1) Any person wishing to become a member of the Exchange shall submit an application for membership on a requisite form of the content specified by the Exchange.

(2) Along with the application for membership, the applicant shall submit the following:

1. extract from the register of the competent commercial court or from other official records in which the applicant is registered as a legal person, including the latest changes;
2. decision of the competent authority granting authorisation to provide investment services and engage in investment activities;
3. brief overview of past operations and plans for future capital market activities;
4. document proving that it already holds or that it will acquire a member seat in due time;
5. two copies of a members agreement signed by the persons authorised to represent the legal person seeking membership of the Exchange;
6. proof of any fees paid, in accordance with the price list.

(3) The applicant may be invited, at the request of the Exchange, to submit other documents in addition to those set forth in paragraph 2 of this article.

(4) Any person seeking to become a member of the Exchange shall enable a verification by the Exchange of the truthfulness of the information submitted in the application for membership.

Article 21

(1) The applicant for membership with limited trading rights referred to in Article 8(2) of these Rules shall also enclose the following to the application:

1. documents set forth under 1, 3, 4, 5, and 6 of Article 20(2) of these Rules;
2. financial statements for the past 3 (three) financial years;
3. documents proving that it holds relevant authorisations (operating licences) issued by competent authorities or, in their absence;
4. proof that the applicant and/or member of its management has not been convicted by a final judgement of criminal offences against the values protected by international law or of any of the following criminal offences:
 - a) fraud,
 - b) against property, where the criminal proceedings are instigated *ex officio*,
 - c) against the economy,
 - d) against the judiciary,
 - e) forgery,
 - f) against the official duty,
 - g) disclosure of confidential information,
 - h) money laundering,

- i) terrorism financing,
 - j) laws regulating the establishment and operation of companies,
- or of other such offences which correspond to these by their description; and that they have not been convicted by a final judgement of a serious offence which constitutes an infringement of the regulations within the scope of the Agency or other competent authority;
- 5. document providing an overview of its risk management system proportionate to the type, scope and complexity of the services provided and activities carried on by the applicant, including a description of its internal control system;
 - 6. statement confirming that it has concluded more than 10 (ten) transactions a month on the capital market in the past 3 (three) financial years, including other relevant proof; and
 - 7. statement confirming that its portfolio of investments in financial instruments, including cash deposits, exceeds HRK 3,500,000.00.
- (2) The applicant may be invited, at the request of the Exchange, to submit other documents in addition to those set forth in paragraph 1 of this article.

Admission to Membership Resolution

Article 22

- (1) The Exchange will decide on the application for membership in not more than 30 (thirty) days from receiving the application and requisite documents.
- (2) A resolution by which an application for membership is denied must be properly justified.
- (3) The Exchange will publish a resolution on admission to membership on its website and notify it to other member firms and the Agency.

Article 23

- (1) The member firm shall comply with following requirements for admission to trading within a period of not more than 3 (three) months from the issuing of a resolution by which it is admitted to membership:
 - 1. ensure access to the Exchange trading system in one of the following ways:
 - a) by concluding a contract with a primary provider of trading system connection services, or,
 - b) by submitting relevant proof of a contract concluded with another provider of trading system connection services,along with furnishing proof to the Exchange of the type of data connection and method of connecting to the trading system;
 - 2. furnish proof that it has provided for the clearing and settlement of transactions concluded on the regulated market;
 - 3. provide data on the person to do broker work, in accordance with Article 14(1) of these Rules, including proof of the knowledge and experience acquired and of the competence of that person to perform that work;
 - 4. provide data on the persons responsible for the tasks referred to in Article 14(2) of these Rules.
- (2) The Exchange may request that the member firm present an appropriate payment security instrument.

Article 24

(1) On establishing that all the requirements set forth in Article 23 of these Rules have been met, the Exchange will adopt a resolution admitting the member firm to trading.

(2) The Exchange will notify other member firms of the resolution referred to in paragraph 1 of this article and place the new member firm on the list of Exchange members publishes on its website.

2.4 MEMBER RIGHTS AND OBLIGATIONS

Member rights

Article 25

(1) The Member firm shall have the following rights:

1. to access the trading system, either directly or via remote access;
2. to use the trading system and conclude transactions on the trading system in their own name and for their own account or for the account of clients;
3. to have access to trading information;
4. to have access to information on listing, temporary suspension and delisting of financial instruments on the regulated market;
5. to have access to information on admission to, suspension and termination of membership of the Exchange; and
6. other rights laid down in these Rules and other acts of the Exchange.

(2) The functionalities of the Exchange trading system may be limited in part for remote members due to their data connection and method of accessing the trading system.

(3) The right referred to in paragraph 1(2) of this article of the persons referred to in Article 8(2) of these Rules shall be limited exclusively to the right to conclude transactions in their name for their own account.

Member Obligations

Article 26

Member firms shall have the following obligations:

1. to comply with these Rules and other acts of the Exchange when trading on the Exchange;
2. to ensure compliance with the criteria for admission to membership of the Exchange laid down in these Rules and other acts of the Exchange for the duration of their member status;
3. submit data to the Exchange, in accordance with these Rules and other acts of the Exchange;
4. protect their computer system, identification codes and any user names and passwords for access to the trading system;
5. at the request of the Exchange, enable surveillance of its computer system and business operations;
6. at the request of the Exchange, enable access to the records of all orders and on-Exchange transactions concluded;

7. perform pecuniary and other obligations in accordance with the agreements concluded with the Exchange or laid down in these Rules and other acts of the Exchange.

Access to the Trading System

Article 27

- (1) All member firms are entitled to access the trading system, either directly or via remote access.
- (2) Technical prerequisites for access to the trading system shall be determined by the Exchange and/or provider of trading system connection services.
- (4) Each member firm shall maintain the confidentiality of the procedure of connecting to the trading system, and of the technical documents concerning the trading system, API and other documents designated by the Exchange or provider of trading system connection services as constituting a trade secret.
- (5) The member firm shall undertake all measures which might be necessary to prevent, direct or indirect, access to and use of the trading system by any unauthorised person.

Online Trading Services

Article 28

- (1) A member firm which provides online trading services to its clients shall:
 1. undertake a preliminary assessment of the appropriateness and suitability of the client;
 2. make sure that the client is familiar with the content of the CMA and other regulations, these Rules and other acts of the Exchange documents which regulate trading;
 3. make sure that its computer system enables a secure identification of the client and orders issued online;
 4. establish adequate control systems and effective controls, including pre-trading and post-trading controls, to prevent the entry of erroneous orders or any orders which might compromise a fair, orderly and efficient trading, and any behaviour which may be indicative of market abuse, in accordance with Regulation (EU) No 596/2014;
 5. ensure that it has the right to disable online trading by its client at any time; and
 6. undertake other measures and procedures to ensure that client orders are fully compliant with the provisions of the CMA, Regulation (EU) No 596/2014 and other regulations, these Rules and other acts of the Exchange.
- (2) The member firm shall be responsible for any orders entered online into the trading system, as well as for any transactions concluded and other actions undertaken on the trading system under its identification code.
- (3) The exchange has the right at any time to disable online trading by the member firm and/or its client if it finds that such trading is not in keeping with the provisions of these Rules or other acts of the Exchange on the fair, orderly and efficient trading or if it believes that such trading may be indicative of market abuse, in accordance with Regulation (EU) No 596/2014.

Right to Issue Orders and Conclude Transactions

Article 29

- (1) Member firms have the right to enter orders for their own account or for the account of third parties into the trading system and to conclude transactions.
- (2) Market makers have the right to enter quotes for their own account into the trading system and to conclude transactions.
- (3) All orders entered and transactions concluded which contain the identification code of a member firm shall be legally binding for that member firm.
- (4) Trading is anonymous, that is, member firms cannot see the counterparty.

Member Identification

Article 30

- (1) The Exchange shall assign an identification code to each member firm for access to the trading system.
- (2) The identification code may be used solely by the member firm to whom the identification code has been assigned.
- (3) The member firm shall be responsible for any actions occurring on the trading system under its identification code.

Misuse of Identification Elements

Article 31

- (1) In the event of misuse of a member firm's identification elements (identification codes, user names and passwords), the member firm shall notify the Exchange orally immediately and subsequently also in writing.
- (2) Immediately on receiving a notification by the member firm of misuse, the Exchange will cancel identification elements and proceed to change them. The cancellation of identification elements shall not affect the validity of transactions concluded until the time of their cancelling.
- (3) At the request of the member firm, the Exchange may suspend a suspicious user temporarily or permanently, cancel all open orders of the suspicious user or member firm, send a report on any transactions concluded by the suspicious user to the member firm or disable member firm's access to the trading system or undertake any other measures or activities appropriate to the circumstances of each particular case.

Maintenance of the Trading System Capacity

Article 32

- (1) In order to ensure orderly trading, the Exchange may specify in a manual the maximum permissible number of orders to be entered by the member firm in the trading system per unit of time.
- (2) If the member firm reaches that maximum permissible number of orders, the trading system will prevent further order entry.

Access to Information

Article 33

- (1) Exchange members shall gain access to Exchange information in accordance with the provisions governing trading system access.
- (2) Exchange information shall be deemed to include any information which concerns trading, listing, temporary suspension and delisting of financial instruments on the regulated market, information on the grant, suspension and termination of membership of the Exchange, as well as other information related to Exchange activities being provided or disseminated by the Exchange.
- (3) Exchange members shall be authorised to use Exchange information for their own purposes only.
- (4) The Exchange shall determine the type of information to be distributed by member firms without restriction and shall publish it on its website. In other cases, Exchange members may distribute Exchange information only under a data dissemination agreement concluded with the Exchange or a person authorised by the Exchange.

Testing of Member Firms' Computer and Communication Equipment

Article 34

- (1) The Exchange is authorised at any time to test the functionality of the computer and communication equipment of the member firm and its data link to the trading system.
- (2) The Exchange may request participation of the member firm in the testing referred to in paragraph 1 of this article.
- (3) The Exchange is authorised to request that the member firm conduct testing of the computer and communication equipment in a designated test environment. Testing must be done in the manner and time frame specified by the Exchange.
- (4) In the testing of the member firm's computer and communication equipment in the test environment the member firm may request Exchange assistance at any time.
- (5) The Exchange shall provide reasonable support to the member firm in relation to its testing.
- (6) The Exchange is authorised to recover the costs of such testing, in accordance with the price list.

Trading System Testing

Article 35

- (1) The Exchange is authorised to test the functionality of the trading system during and after trading.
- (2) The Exchange is authorised to request participation of the member firm in trading system testing. Testing must be done in the manner and time frame specified by the Exchange.
- (3) Except in extraordinary circumstances, the Exchange will notify member firms in due time of any trading system testing which might affect their daily operations.

Modifications to the Trading System and Application Software,
as well as Member Firms' Computer and Communication Equipment

Article 36

- (1) The Exchange reserves the right to make modifications to the trading system, such as those to the computer and communication equipment, as well as changes in the application software, in data link protocols for connecting to the trading system, etc.
- (2) Except in extraordinary circumstances, the Exchange will notify members firms in due time of any modifications to be made to the trading system.
- (3) In the event of major modifications which might require a modification to the application software and/or computer and communication equipment of member firms, the Exchange notification will include a description of changes, planned testing time and the effective date of such trading system modifications.
- (4) Modifications to the trading system will be implemented in the manner and time frame specified by the Exchange.
- (5) Member firms shall follow Exchange instructions relating to trading system modifications and shall modify their own application software or computer and communication equipment accordingly.
- (6) Member firms may modify their application software or computer and communication equipment connected to the trading system, subject to the conditions and manner laid down in the technical documents.
- (7) Any modifications to the application software or computer and communication equipment which might affect the order trading system operation must be reported to the Exchange without delay.
- (8) The Exchange may request that modified application software or computer and communication equipment of the member firm be tested, subject to the conditions and manner laid down in the technical documents.

Deficiency in the Operation of Member Firm's Computer System or Computer and Communication
Equipment

Article 37

- (1) Where the Exchange finds, on the basis of testing on in some other manner, that the computer system or computer and communication equipment of a member firm does not comply with the requirements specified in the technical documents of the Exchange, the member firm shall be required to eliminate the deficiencies detected.
- (2) The Exchange is authorised to order the member firm not to use a part of or the entire application software or computer and communication equipment until such time as the deficiencies detected have been eliminated.
- (3) In the event of occurrences referred to in paragraph 1 of this article, the Exchange may disable access by the member firm to the trading system.

Preventive and Corrective Trading System Maintenance and Upgrade Procedures

Article 38

- (1) The Exchange may disable access to or use of the trading system or limit its functionalities for the purpose of conducting preventive maintenance procedure or essential repairs of the trading system or for the purpose of its upgrading.
- (2) The actions referred to in paragraph 1 of this article will generally be planned outside trading hours.
- (3) Except in extraordinary circumstances, the Exchange will notify member firms and other service users in due time of undertaking such actions.

Notification of the Exchange

Article 39

- (1) Member firms shall notify the Exchange immediately of changes of any data pursuant to which they have been admitted to membership of the Exchange in particular of the following:
 1. expiry of the authorisation (licence) provide investment services and engage in investment activities;
 2. access to, suspension and termination or other status changes with regard to membership of the clearing and/or settlement system;
 3. any changes of the persons doing broker work or of the persons authorised for surveillance of the member firm's computer system;
 4. any change of the members of its management or executive directors, if the member firm has a management board;
 5. the occurrence of financial or other circumstances arising at the member firm which may be reasonably expected to affect the performance of obligations by the member firm or which might affect Exchange functioning, other Exchange members, investors or orderly functioning of the market (e.g. liquidity problems, inability to pay or indebtedness of the member firm, institution of bankruptcy or liquidation proceedings, judiciary or arbitral proceedings of significant value, etc.);
 6. the occurrence of status changes (e.g. merger, acquisition, division) or other form of corporate restructuring or change of the scope business / activity of the member firm; and
 7. changes of controlling interests in the company.
- (2) At the request of the Exchange, member firms shall submit to the Exchange any other data, information and documents which affect or might affect the performance of their obligations, Exchange operation, other members of the Exchange, investors or orderly functioning of the market.
- (3) The Exchange undertakes to keep confidential any data received from member firms and not to provide to third parties or disseminate such data without prior approval of the member firm concerned, except where otherwise stipulated by the CMA, other regulations, these Rules or other acts of the Exchange.

Notification of Data from Member Firms' Records

Article 40

Member firms shall keep such records of orders and/or transactions concluded on the regulated market enabling them to provide to the Exchange a list of all or specific orders and/or transactions in the form, manner and time frame to be specified by the Exchange in its request.

Supervision of Employees

Article 41

(1) Member firms shall inform any persons using the trading system and performing the tasks related to Exchange trading about the content of legal and other regulations, these Rules and other acts of the Exchange which regulate market trading.

(2) Member firms shall ensure that their employees adhere to the rules of the profession and professional standards.

Prohibition of Insider Dealing and of Unlawful Disclosure of Inside Information

Article 42

A natural or a legal persons shall not:

- a) engage or attempt to engage in insider dealing;
- b) recommend that another person engage in insider dealing or induce another person to engage in insider dealing; or
- c) unlawfully disclose inside information.

Prohibition of Market Manipulation

Article 43

A natural or a legal person shall not engage in or attempt to engage in market manipulation.

Reputation of the Exchange and Use of Exchange logo

Article 44

(1) No member of the Exchange shall give advice or recommendations, issue and disseminate written material or use the media in any manner which may harm the interests or reputation of the Exchange.

(2) Member firms may state the fact of their membership of the Exchange on their stationery, website or in another appropriate manner and use the Exchange logo, taking account in doing so not to mislead any third persons with regard to the separate nature of the legal person of the member firm and of the Exchange.

(3) The Exchange may specify details of the manner in which the Exchange logo and company name are to be used by member firms and other Exchange service users.

2.5 TERMINATION OF MEMBERSHIP

Article 45

(1) Membership may terminate:

1. at the request of the member firm or
2. by exclusion from membership.

(2) Termination of the member status means a termination of the use of all Exchange services by the member firm.

(3) On termination of membership, any rights and obligations of the member firm shall cease.

(4) Termination of membership shall take effect on the date specified in the Exchange resolution terminating membership.

(5) By way of derogation from paragraph 3 of this article, any pecuniary and other obligations of the member firm outstanding at the time of termination shall be performed by the member firm in accordance with these Rules, price list and other acts of the Exchange, or agreements concluded between the Exchange and the member firm.

2.5.1 Termination of Membership at the Request of the Member Firm

Article 46

(1) Membership may terminate at the request of the Member firm.

(2) A request for termination of membership shall be submitted to the Exchange on a requisite form of the content to be determined by the Exchange.

(3) The Exchange shall decide on the request for termination of membership within 30 (thirty) days of receiving it from the member firm.

2.5.2 Termination of Membership by Exclusion from Membership and Suspension

Article 47

(1) The Exchange may decide to terminate membership of a member firm by exclusion from membership or suspend it for one or several of the following reasons:

1. if within 3 (three) months from the day of issuing of the resolution on admission to membership the Member firm fails to comply with the criteria set forth in Article 23 of these Rules;
2. if the member firm no longer complies with the criteria for membership (e.g. due to expiry of the licence to provide investment services and engage in investment activities, etc.);
3. at the request or by decision of the clearing and/or settlement system operator preventing the clearing and/or settlement system use by the member firm or based on a reasoned request of the person through which the member firm ensures clearing and/or settlement of on-Exchange transactions;
4. cessation of the member firm as a legal person;
5. failure by the member firm to perform its obligations under the agreements concluded with the Exchange;
6. failure by the member firm to furnish to the Exchange the documentation, other documents or records it is required to keep in accordance with the CMA and other regulations, these Rules or other acts of the Exchange, or if the member firm prevents supervision to be conducted by the Exchange;

7. in the event of grave or repeated violations of these Rules or other acts of the Exchange, as a measure to protect market integrity:

8. in the event of financial, status or other circumstances arising at the member firm which may be reasonably expected to affect the performance of obligations by the member firm or to have an impact on Exchange operation, other Members of the Exchange, investors or orderly functioning of the market (e.g. liquidity problems, member firm's default or overindebtedness, institution of bankruptcy or liquidation proceedings, etc.);

9. if necessary to ensure a fair, orderly and transparent market;

10. in other cases laid down by law or other regulations.

(2) In deciding to terminate membership by exclusion or to suspend the member firm, the Exchange will take into account all the facts and circumstances, in particular the reason, gravity and impact on the Exchange operation, other members of the Exchange, investors and orderly market functioning.

(3) A resolution on termination of membership by exclusion or on suspension must be properly justified.

(4) The Exchange shall publish a resolution terminating membership of or suspending a member firm on its website, and shall notify it to other member firms and the Agency.

Article 48

(1) A resolution on termination of membership by exclusion shall be permanent.

(2) Prior to deciding to terminate membership by exclusion, the Exchange will allow the member firm to provide its response with regard to the facts and circumstances which constitute grounds for termination, except in the event that the actual state of affairs may be determined from the information available to the Exchange, when the response of the member firm is not feasible or for other justified reasons.

(3) In the event of termination of membership by exclusion, the member firm may not reapply for admission to membership before expiry of 1 (one) year from the day of being excluded from membership.

Article 49

(1) A resolution on suspension of all or particular Exchange services shall be temporary.

(2) Suspension may be imposed for a predetermined period of time or its lifting may be made conditional on the cessation of circumstances giving rise to the suspension, but it shall not exceed 12 (twelve) months.

(3) For the duration of its suspension, the member firm shall pay membership fee and other charges to the Exchange according to the price list and shall also perform other obligations to the Exchange.

(4) By way of derogation from paragraph 3 of this article, the liability of the member firm for payment of membership fee and other charges according to the price list shall cease from the day of instituting bankruptcy proceedings against it or making public a decision of the Agency or other competent authority on the occurrence of the insured event.

(5) For the duration of suspension, the member firm has no right to state the fact of its membership in its correspondence or in other manner, or to use the Exchange logo.

(6) If the circumstance giving rise to suspension do not cease by expiry of a period of 12 (twelve) months from the day of adoption of the Exchange resolution on suspension, the member firm will be excluded from membership.

2.6 MARKET MAKER

Article 50

(1) The Exchange may grant the status of market maker in respect of one or several financial instruments to any member firm which meets the criteria laid down in the CMA and Article 52 of these Rules and detailed further in other acts of the Exchange.

(2) Financial instruments in respect of which a member firm may engage in market making shall be determined by the Exchange in a manual.

(3) The member firm with limited trading rights referred to in Article 8(2) of these Rules may engage in market making if it has an appropriate authorisation of the Agency or another competent authority.

(4) Each member firm is entitled to submit an application to the Exchange to engage in market making.

(5) A list of member firms and financial instruments in respect of which member firms engage in market making shall be published by the Exchange on its website.

Market Maker Rights and Obligations

Article 51

(1) The market maker shall issue simultaneous bid and ask quotes, subject to the terms and in the manner laid down in the CMA, these Rules and other acts of the Exchange, on each trading day.

(2) Any market maker which performs the obligations defined by these Rules and other acts of the Exchange shall be entitled to a specific discount of the size and modality defined in the price list.

(3) The Exchange may also set forth other parameters related to the status, rights and obligations of market makers in a manual.

2.6.1 Organisational, Personnel and Technical Market Making Requirements

Article 52

Any member firm intending to engage in market making shall:

1. ensure that its market making does not affect the performance of regular trading activities;
2. establish a permanent and effective system to prevent and control the exchange of data so that the provision of specific services and activities by the member firm (e.g. filling order for the account of a client etc.) does not affect its market making or constitute market abuse;
3. establish a permanent and effective system to prevent conflicts of interest which may arise in the course of market making and while performing other tasks at the member firm, and which may harm client interests;
4. keep records of the market maker's quotes and transactions concluded based on such quotes; and
5. have a computer system available to enable engaging in market making.

2.6.2 Market Maker Status

Grant of Market Maker Status

Article 53

- (1) Any member firm intending to engage in market making shall apply to the Exchange for the grant of market maker status on a form of the content specified by the Exchange.
- (2) Where the member firm and the issuer of a financial instrument have concluded or are to conclude a market making contract, the member firm shall without delay submit that contract to the Exchange in the manner and form to be specified by the Exchange. The Exchange will publish the contract on its website, without disclosing the sections which refer to the commercial terms of the contract. The member firm shall notify the Exchange without delay of any subsequent amendments to the contract, as well as of the contract termination.
- (3) Where the member firm performs or will perform other activities for the Issuer or a management company to enable a greater visibility or quality of the financial instrument in respect of which it engages in market making, the member firm shall submit a list of such activities to the Exchange. The member firm shall also notify the Exchange of any subsequent amendments to the list of the activities, as well as of the termination of particular activities.
- (4) The Exchange shall decide on the application for the grant of market maker status within 30 (thirty) days from the day on which it receives the application and requisite documents.
- (5) Once the Exchange has ascertained that the member firm meets all the criteria laid down in Article 52 of these Rules, it will conclude a market making contract with the member firm.
- (6) The market maker status shall be granted by virtue of concluding a market making contract with the Exchange.
- (7) The member firm shall promptly notify the Exchange in writing of any change of data stated in its application for the grant of market maker status.

Termination of Market Maker Status

Article 54

- (1) The member firm may request to have its market maker status terminated for one or all financial instruments in respect of which it engages in market making.
- (2) The request for termination of the market maker status shall be submitted to the Exchange on a form of the content specified by the Exchange.
- (3) Once it has received a request referred to in paragraph 2 of this article, the Exchange shall adopt a resolution terminating the market maker status within 5 (five) days of receiving it.
- (4) The member firm shall engage in market making for at least 20 (twenty) trading days from the day of adoption of the Exchange resolution terminating its market making.
- (5) The market maker status of the member firm shall be terminated on the last market making day set forth in the Exchange resolution referred to in paragraph 3 of this article.
- (6) The member firm may reapply for the grant of market maker status on expiry of 2 (two) months from the day its market maker status has been terminated.

Article 55

The member firm's status of market maker for one or all financial instruments in respect of which it engages in market making may be terminated by Exchange resolution in one or several of the following cases:

1. non-compliance of the member firm with the criteria for market making laid down in these Rules and other acts of the Exchange;
2. failure of the market maker to perform its obligations laid down in these Rules and other acts of the Exchange;
3. termination of its member status or suspension of membership;
4. on maturity of the financial instrument in respect of which the member firm engages in market making;
5. cessation of the financial instrument in respect of which the member firm engages in market making;
6. delisting of the financial instrument in respect of which the member firm engages in market making;
7. for other reasons which might compromise the continuity, stability and liquidity of the market.

Notification

Article 56

- (1) The Exchange shall notify the Agency and other member firms of any grant and termination of the market maker status.
- (2) Notification of the grant and termination of the market maker status shall be published by the Exchange on its website.

2.6.3 Obligations of Market Maker

Article 57

- (1) For a specific period of time during the trading session on each trading day, the market maker shall place simultaneous buy and sell quotes, which must meet minimum quote size and maximum price spread requirements.
- (2) The minimum quoting time of a market maker quote, as well as the maximum bid and ask spread and the minimum order size, shall be specified by the Exchange in a manual, taking into account market and other circumstances.

Liquidity Classification

Article 58

- (1) For the purpose of defining the minimum quote size and the maximum price spread of a market maker quote, the Exchange shall assign financial instruments to classes, depending on their liquidity.
- (2) The criterion taken into account in the classification of financial instruments shall be the average daily turnover.
- (3) The liquidity classification of financial instruments shall be done at the beginning of each quarter on the basis of trading data for the previous quarter.
- (4) Data on the liquidity classification of financial instruments shall be published by the Exchange on its website at least 2 (two) days prior to the commencement of its application.

Newly Listed Financial Instrument

Article 59

- (1) The market maker shall perform any obligations in respect of a newly listed financial instrument which cannot be assigned to any liquidity class as if it were a financial instrument of the liquidity corresponding to the average liquidity of the financial instrument in the market segment concerned.
- (2) On expiry of a month from the financial instrument listing, based on trading data for that period, the Exchange will assign the financial instrument referred to in paragraph 1 of this article to an appropriate liquidity class and align market maker's obligations with such classification.

Market Maker's Quoting Time

Article 60

- (1) The market maker's quoting time shall be calculated as a portion of the total duration of the trading session.
- (2) The methodology for the calculation of the market maker's quoting time shall be specified by the Exchange in a manual.

Bid and Ask Spread

Article 61

The bid and ask spread is the difference between the prices of simultaneous buy and sell quotes quoted by a market maker.

No Market Making Obligations on a Particular Trading Day

Article 62

Market making obligations for a particular trading day shall cease on expiry of the minimum quoting time in respect of an quote which meets all the criteria laid down in these Rules and other acts of the Exchange.

Temporary Relief under Extraordinary Circumstances

Article 63

- (1) The market maker may submit a request to the Exchange seeking temporary relief from its obligations under extraordinary circumstances, such as, if due to a natural disaster or similar circumstances it becomes impossible to estimate the value of a financial instrument, in case of a mandatory takeover bid or if a company takeover is initiated, etc.
- (2) The request referred to in paragraph 1 of this article must be properly justified.
- (3) The Exchange will decide by the end of the same trading day on any requests submitted by 14:00 hours, or by the start of the trading session on the following trading if the request is submitted after 14:00 hours.
- (4) The Exchange may grant temporary relief to the market maker for a maximum of 30 (thirty) days, which may be extended in reasonably justified cases, of which it shall notify Exchange members and the public via its website without delay.

Temporary Relief for Technical Reasons

Article 64

- (1) The market maker shall notify the Exchange promptly if it cannot engage in market making for technical reasons.
- (2) In the case referred to in paragraph 1 of this article, the Exchange will grant temporary relief to the market maker and notify it to Exchange members and the public via its website without delay.
- (3) The market maker shall notify the Exchange without delay of the time in which it has not been able to engage in market making.
- (4) The Exchange may verify the market maker's notification referred to in paragraph 3 of this article and seek additional explanations.
- (5) If the Exchange finds temporary relief of the market maker for technical reasons not to have been justified, the market maker will be deemed not to have performed its obligations laid down in Article 57 of these Rules and other acts of the Exchange.

Measures to Regulate Volatile Market

Article 65

Where the value of the CROBEX® index deviates by more than +/- 5 % from the last value on the previous trading day, the Exchange will grant temporary relief to the market maker until the end of that trading day.

Data Dissemination

Article 66

The Exchange shall publish statistical market making data by instrument on its website each month.

Surveillance of Obligations Performance

Article 67

- (1) The Exchange shall monitor the performance of market maker's obligations on a daily and a monthly basis.
- (2) Where the market maker fails to perform its daily obligations on 2 (two) consecutive trading days or to comply with the minimum quoting time requirement on a monthly basis, the market maker shall not be entitled to the discount for the respective month specified by the price list.
- (3) Where the market maker fails to perform its obligations in 2 (two) consecutive months, the Exchange may adopt a resolution terminating the market maker's status.
- (4) For failure to perform its obligations, in addition to the measure referred to in paragraph 2 of this article, the Exchange may impose on the market maker one of the measures to protect market integrity provided for in these Rules.
- (5) The Exchange has the right to seek an explanation for any actions the market maker has undertaken or failed to undertake and which are related to its market making activities.

Extraordinary Market Maker

Article 68

- (1) Should a market maker forfeit its status due to extraordinary circumstances, to protect the continuity, stability and liquidity of the market and to protect investors, the Exchange may designate an extraordinary market maker.
- (2) Only a member firm which meets the criteria laid down in the CMA and Article 52 of these Rules and detailed in other acts of the Exchange may act as an extraordinary market maker.
- (3) The extraordinary market maker may be appointed for a period not longer than 2 (two) months.
- (4) The Exchange may grant to the extraordinary market maker greater rights than those laid down in these Rules and other acts of the Exchange.

2.6.4 Specific Provisions on Market Makers in Structured Products

Article 69

- (1) Without prejudice to the cases set forth in Article 55 of these Rules, the status of a market maker in respect of one or several structured products may also terminate if the price of an underlying instrument reaches the barrier of the structured product.
- (2) By way of derogation from Article 57(2) of these Rules, the minimum quoting time of the market maker quote, as well as the maximum bid and ask spread and the minimum quote size, shall be specified by the market maker in the structured products market making contract to be concluded with the Exchange.
- (3) Market makers in structured products are not subject to the provisions of Articles 58 and 59 of these Rules.
- (4) Where the regulated market or exchange on which the underlying instrument is listed has a holiday or where trading in the underlying instrument is suspended, the market maker in structured products need not perform the obligations referred to in Article 57(1) of these Rules.
- (5) Where the residual balance available for sale is smaller than the minimum quantity of the structured product which must be quoted by the market maker in the quote, the market maker in structured products may place a buy quote with a quantity equal to 0.
- (6) The market maker in structured products shall promptly notify the Exchange if the price of the underlying instrument reaches the barrier of the structured product.
- (7) The Exchange shall promptly notify member firms and the public via its website of any occurrences referred to in paragraphs 4 through 6 of this article.
- (8) By way of derogation from Article 67(2) of these Rules, where the market maker has failed to perform its daily obligations on more than 2 (two) consecutive trading days or to comply with the minimum quoting time requirement at the level of 2 (two) months, the market maker shall not be entitled to the discount specified by the price list in the respective month.

2.7 BROKER

Broker Article 70

(1) A broker is a natural person authorised by the member firm to enter orders on behalf of the member in the trading system. The broker shall be deemed, within the scope of the powers to enter orders granted by the member firm, to have the right of access to the trading system and of order entry on all segments of the regulated market.

(2) The member firm may authorise the person to act as broker provided that:

1. the member firm has filled in a written statement, confirming the knowledge of that person about the organisation of the regulated market, these Rules and other acts of the Exchange and the person's competence for work using the trading system; and
2. the person has a valid broker licence in accordance with the CMA.

(3) The competence for work using the trading system may be acquired by the person through participation in the trainings delivered by the Exchange or proven by relevant experience in the work using the trading system or by participation in the simulations organised by the Exchange or the member firm. Detailed criteria for the recognition of competence for work using the trading system, as well as the procedure and the content of the statement shall be specified by the Exchange.

(4) Any brokers authorised by member firm domiciled in another Member State shall

1. prove their competence for work using the trading system by furnishing a written statement to the Exchange detailing their knowledge about the organisation of the regulated market, these Rules and other acts of the Exchange, and their competence for work using the trading system; and
2. instead of the criterion referred to in paragraph 2(2) of this article, they shall meet broker criteria as laid down by the Member State of the member firm's domicile.

(5) Individual brokers may be authorised to enter orders in the trading system on behalf of only one member firm.

(6) The Exchange may verify the competences of brokers acting on behalf the member firm at its own initiative or at the initiative of the member firm. In the event of change or major modifications to the trading system or amendments to the Exchange Rules, the Exchange may request that the broker's competences for work using the trading system be re-examined.

(7) Each member firm shall keep a record of all brokers authorised to enter orders in the trading system on its behalf, including the date and time of commencement and termination of work using the trading system.

(8) The member firm shall submit the record referred to in paragraph 7 of this article to the Exchange at its request.

Rights and Obligations of Brokers

Article 71

(1) Brokers are entitled to:

1. used the trading system to enter bid and ask orders on behalf of the member firm;
2. receive information from the Exchange in accordance with these Rules.

(2) Brokers have the obligations to:

1. observe and implement the Rules and other acts of the Exchange;
2. not allow access to and use of the trading system by third parties using the broker's user name and passwords;
3. notify the Exchange of any recorded trading system irregularities (technical errors etc.).

3. REGULATED MARKET

Financial Instruments Tradeable on the Regulated Market

Article 72

The financial instruments which may be traded on the regulated market are those for which the Exchange has obtained the Agency approval or in respect of which the approval stems from the provisions of the CMA, specifically:

1. shares or other securities equivalent to shares which represent an interest in the capital or in the shareholders' rights in a company, as well as depositary receipts;
2. bonds and other types of securitised debt, also including depositary receipts related to such securities;
3. any other securities which entitle their holders to acquire or sell such negotiable securities or which constitute the grounds for a cash payment of the amount determined on the basis of negotiable securities, currencies, interest rate or yields, commodities, indices or other measures of size;
4. money market instruments: treasury bills, central bank bills and commercial paper, certificates of deposit, and other instruments which are customarily traded on the money market; and
5. units in collective investment undertakings, in accordance with the provisions of the CMA.

Market Segments

Article 73

Segments of the regulated market are:

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

3.1 FINANCIAL INSTRUMENT LISTING ON THE REGULATED MARKET

Article 74

The provisions of these Rules shall apply from the day on which a financial instrument is listed on the regulated market, or from the day the issuer or another person submits an application to list the financial instrument on the regulated market, until the day of its delisting from the regulated market.

Article 75

- (1) The Exchange shall be responsible for deciding on the listing of financial instruments on the regulated market.
- (2) The application for listing shall be submitted on a form of the content determined by the Exchange.
- (3) The application form shall be posted on the Exchange website.
- (4) The application for listing shall refer to any and all outstanding shares of the same class, except in exceptional cases laid down in the CMA.

3.1.1 Applicant

Article 76

- (1) An application for listing may be submitted by the issuer or a person authorised by the issuer.
- (2) By way of derogation from paragraph 1 of this article, financial instruments may be listed on the regulated market even without approval of the issuer, subject to the criteria laid down in the CMA, these Rules and other acts of the Exchange.
- (3) By way of derogation from paragraph 1 of this article, a listing application may also be submitted by another person, in accordance with the provisions of a regulation which governs the resolution of credit institutions and investment companies.
- (4) An application for listing of an open-end investment fund on the regulated market shall be submitted by the management company.

3.1.2 Listing application and other documents

Article 77

The applicant shall enclose the following to the application:

1. Prospectus or a statement saying that the applicant is exercising the right to be exempted from the obligation to prepare the Prospectus;
2. statement saying that the applicant is complying fully with the provisions of the CMA and other regulations, and that it has obtained all requisite permissions, licences and approvals from competent regulatory authorities;
3. copies of all permissions, licences and approvals issued by the competent authority with regard to the listing procedure;
4. statement confirming that the applicant has an appropriate internal organisation, systems and procedures in place to ensure timely availability of information to the market; and
5. proof of payment of the listing fee according to the price list.

Article 78

If the listing application concerns shares, in addition to documents referred to in Article 77 of these Rules, the applicant shall also enclose the following:

1. minutes of the annual general meeting which adopted a resolution to list the company's shares on the regulated market;
2. resolution to enter the fact of a capital increase in the court register;
3. market making contract in respect of shares concluded between the issuer and market maker, when the shares are to be listed on the Prime Market.

Article 79

If the listing application concerns debt securities, in addition to documents referred to in Article 77 of these Rules, the applicant shall also enclose the following:

1. resolution of the competent authority of the issuer to issue debt securities;

2. decision of the Government of the Republic of Croatia or a Member State or third country granting approval for the issue of debt securities, if the issuer is a local or regional self-government, or the Republic of Croatia, Member State or third country, where applicable.

Article 80

If the listing application concerns structured products, in addition to documents referred to in Article 77 of these Rules, the applicant shall also enclose the following:

1. market making contract in respect of structured products concluded between the issuer and the market maker; and
2. statement on the credit rating assigned, where applicable.

Article 81

If the listing application concerns units in an open-end investment fund, in addition to documents referred to in Article 77 of these Rules, the applicant shall also enclose the following:

1. authorisation (operating licence) of the management company;
2. authorisation for the open-end investment fund whose units are the subject of the application for listing on the regulated market;
3. Prospectus of the fund and approval of the Prospectus;
4. Rules of the fund and approval of the Rules;
5. key investor information of the UCITS fund;
6. latest audited annual accounts and, where necessary, semi-annual accounts of the fund; and
7. market making contract in respect of units in open-end investment fund concluded between the issuer and the market maker.

Article 82

If the listing application concerns shares in a closed-end investment fund, in addition to documents referred to in Article 77 of these Rules, the applicant shall also enclose the following:

1. authorisation (operating licence) of the management company;
2. authorisation for the closed-end investment fund whose units are the subject of the application for listing on the regulated market;
3. Prospectus of the fund and approval of the Prospectus;
4. Rules of the fund and approval of the Rules;
5. latest audited annual accounts and, where necessary, semi-annual accounts of the fund; and

Article 83

If the listing application concerns money market instruments, the applicant shall also enclose the following to the application:

1. documents referred to in points 2 and 4 of Article 77 of these Rules;
2. information memorandum including at least the following:
 - a) key information on the issuer (company name, registered office, legal form of the issuer, substantial investments, overview of business, significant judicial and other proceedings, risk factors, etc.);

- b) audited annual accounts for the financial year preceding the listing or, if the issuer has published its semi-annual or quarterly accounts since the date of the latest audited annual accounts, these must be included in the information memorandum with an indication of whether they have been audited or not;
- c) characteristics, amount and description of any rights arising from the money market instruments;
- d) other data which may be relevant for the assessment of the market value and investing in the money market instruments;
- e) information on the persons responsible for the accuracy and completeness of the information contained in the information memorandum.

Article 84

Where the listing application is submitted without approval of the issuer, in addition to documents the submission of which is laid down in these Rules in respect of a particular financial instrument, the applicant shall also enclose a certificate of another regulated market in the Republic of Croatia or a Member State or of a third country exchange on which the financial instrument is already listed.

Article 85

- (1) At the request of the Exchange, the applicant shall also enclose other document or submit additional information and data which the Exchange deems appropriate to protect investors.
- (2) The applicant shall submit documents, information and data referred to in this article in the form, time frame and manner to be determined by the Exchange.

3.1.3 Orderly Listing Application

Article 86

The listing application is deemed orderly if submitted by an authorised person, duly signed by an authorised person and accompanied by all requisite documents and those requested by the Exchange.

3.1.4 Listing Resolution

Article 87

- (1) A resolution to list a financial instrument on the regulated market shall be adopted by the Exchange in the manner and time frame set forth in the CMA and other regulations.
- (2) A financial instrument will be deemed listed on the regulated market on the day of adoption of the resolution referred to in paragraph 1 of this article.
- (3) The Exchange shall specify the first day of trading in the financial instrument in the resolution referred to in paragraph 1 of this article.
- (4) The resolution referred to in paragraph 1 of this article shall be submitted by the Exchange to the Agency without delay and published on its website.
- (5) Once the resolution referred to in paragraph 1 of this article following an application submitted by a person without approval of the issuer is adopted, the Exchange will inform the issuer that its financial instruments are being traded on the regulated market managed by the Exchange.

(6) The Exchange will ensure that calculations and estimates are provided, in respect of any share being admitted to trading on the regulated market, in accordance with Article 33(3-4) of Commission Regulation (EC) No 1287/2006.

3.2 CRITERIA FOR REGULATED MARKET LISTING

3.2.1 General Criteria for Regulated Market Listing

Article 88

(1) Financial instruments being listed on the regulated market and their issuers shall comply with criteria laid down in the CMA, these Rules and other acts of the Exchange.

(2) Financial instruments may be listed on the regulated market if capable of being traded in a fair, orderly and efficient manner.

(3) The issuer shall be duly registered or validly established in accordance with the regulations of the Republic of Croatia or the country of the Issuer's domicile.

(4) The listing applicant shall comply with the obligation to publish the prospectus and other information, if such obligation is laid down in the provisions of the CMA, specifically:

1. where the obligation to publish the prospectus is laid down in the provisions of the CMA, the listing applicant shall submit the prospectus to the Exchange, stating when the prospectus has been approved and by which authority as well as when the issuer has complied with its obligation to disclose the prospectus to the public and in which manner; or

2. where an exemption from the obligation to publish the prospectus is permitted by the provisions of the CMA, the listing applicant shall submit a written statement to the Exchange to the effect that it is exercising the exemption from the obligation to publish the prospectus and proof that it has notified the Agency or other competent authority thereof, in accordance with the provisions of the CMA.

(5) Financial instruments must be freely negotiable.

(6) Efficient transaction settlement must be provided in respect of any financial instruments for which an application for listing on the regulated market has been submitted; that criterion will be deemed to be met if a financial instrument is issued in dematerialised form and entered in the central depository or central register and included in the clearing and/or settlement system.

(7) The circumstance of pre-bankruptcy, bankruptcy or liquidation proceedings being instituted against the issuer of a financial instrument shall constitute the basis for denial of the application for listing of financial instruments on the regulated market.

(8) The provision of paragraphs 3 and 7 of this article shall apply *mutatis mutandis* to management companies and open-end investment funds.

(9) The provisions of paragraph 7 of this article shall not apply in the case of a new issue of a financial instrument if same-class financial instruments have already been listed on the regulated market.

Distribution to the Public

Article 89

(1) Distribution to the public (free float) shall be determined on the basis of figures for the total number of all same-class shares outstanding of an issuer registered in the accounts of their holders in the central depository, and shall be expressed in percentage terms rounded to two decimals.

(2) In determining the free-float ratio of shares, the following are not deemed to be distributed to the public:

1. issuer's own (treasury) shares and
2. shares held by a person controlling 5 % or more of such shares, except where the shares are held by a collective investment undertaking or pension fund.

(3) Where the listing application is submitted in respect of a new issue of same-class shares, the free float ratio may refer to all shares outstanding, not only to the new issue.

(4) Where the listing application is submitted in respect of the shares listed on another regulated market in the Republic of Croatia or a Member State or on a third country exchange, the free float ratio may also refer to the shares distributed to the public in the country in which shares are listed on the regulated market.

3.3 CRITERIA FOR REGULAR MARKET LISTING

3.3.1 Shares

Article 90

(1) Shares to be listed on the Regular Market shall meet the criteria laid down in Article 88 of these Rules and additional criteria laid down in this article.

(2) At least 15 % of the shares referred to in the listing application shall be distributed to the public.

(3) In exceptional cases, shares may be listed even if they do not meet the free float requirement laid down in paragraph 2 of this article if, considering a large number of same-class shares and the free float ratio, this does not compromise orderly market functioning.

3.3.2 Structured Products

Article 91

(1) Structured products to be listed on the Regular Market shall meet the criteria laid down in Article 88 of these Rules and additional criteria laid down in this article:

1. the issuer of structured products shall provide for a member of the Exchange to engage in market making.

(2) The provision of paragraph 1 point 1 of this article shall not apply to the rights to subscribe new shares.

3.3.3 Units in Open-End Investment Funds

Article 92

Units in open-end investment funds to be listed on the Regular Market shall meet the criteria laid down in Article 88(1-3, 5 and 6) of these Rules and additional criteria laid down in this article:

1. distribution of fund units to the public;
2. the management company shall provide for a member of the Exchange to engage in market making in respect of open-end investment fund funds.

3.3.4 Other Financial Instruments

Article 93

Other financial instruments to be listed on the Regular Market shall meet the criteria laid down in Article 88 of these Rules.

3.4 CRITERIA FOR OFFICIAL MARKET LISTING

3.4.1 Shares

Article 94

(1) Shares to be listed on the Official Market shall meet the criteria laid down in Article 88 of these Rules and additional criteria laid down in this article.

(2) At least 25 % of the shares referred to in the listing application shall be distributed to the public.

(3) In exceptional cases, shares may be listed even if they do not meet the free float requirement laid down in paragraph 2 of this article if, considering a large number of same-class shares and the free float ratio, this does not compromise orderly market functioning.

3.4.2 Debt Securities

Article 95

Debt securities to be listed on the Official Market shall meet the criteria laid down in Article 88 of these Rules.

3.4.3 Other Financial Instruments

Article 96

Other financial instruments to be listed on the Official Market shall meet the criteria laid down in Article 88 of these Rules.

3.5 CRITERIA FOR PRIME MARKET LISTING

3.5.1 Shares

Article 97

(1) Shares to be listed on the Prime Market shall meet the criteria laid down in Article 94 of these Rules and additional criteria laid down in this article.

(2) The expected market capitalisation of shares in respect of which a listing application is submitted must be at least HRK 100,000,000.

(3) Any shares for which a listing application is submitted must meet the minimum daily turnover criteria to be specified by the Exchange or else the issuer must have a market making contract concluded with at least 2 (two) market makers in respect of the shares to be listed.

3.6 SHARE TRANSITION AMONG REGULATED MARKET SEGMENTS

Article 98

The procedure of share transition among segments of the regulated market may be initiated:

1. at the request of the issuer or a person authorised by the issuer; or
2. following a periodic review by the Exchange to determine whether the issuer and/or shares meet the criteria for listing in a specific segment of the Regulated market and/or whether the issuer complies with the post-listing requirements.

3.6.1 Share Transition among regulated Market Segments at the Request of the Issuer or a Person Authorised by the issuer

Article 99

(1) The application for share transition among regulated market segments shall be submitted in writing on a form of the content determined by the Exchange.

(2) The application form shall be published on the Exchange website.

(3) In deciding on the application for transition among regulated market segments, the Exchange will check whether the issuer or the shares meet the listing criteria for the regulated market segment in question laid down in these Rules.

(4) Should its checks find non-compliance of the issuer or the shares with the listing criteria for the regulated market segment in question or if such transition might compromise the standards of the respective segment, the Exchange will issue a resolution denying the application.

(5) An application for the transition of depositary receipts to or from the Official or Prime Market may be submitted only by the issuer of the shares to which the receipt refers or by the issuer of depositary receipts.

3.6.2 Share Transition Among Regulated Market Segments on the Basis of a Periodic Exchange Review

Article 100

(1) The Exchange will perform a periodic review every 6 (six) months to check whether issuer or the shares meet the listing criteria for the respective regulated market segment and/or compliance of the issuer with the post-listing requirements for the Official or Prime Market laid down in these Rules.

(2) Should its 2 (two) consecutive periodic reviews find the issuer or the shares not to meet the listing criteria for the respective regulated market segment and/or detect non-compliance of the issuer with the post-listing requirements for the Official or Prime Market laid down in these Rules, the Exchange will initiate a procedure to relegate shares from a higher to a lower segment of the regulated market.

(3) After initiating the procedure referred to in paragraph 2 of this article, the Exchange will seek a response of the issuer with regard to the circumstances prompting the Exchange to initiate share relegation from a higher to a lower segment of the regulated market and with regard to any actions the issuer plans to take for the purpose of compliance with the listing criteria for the respective regulated market segments and/or its post-listing requirements.

(4) In the event that non-compliance with the criteria and/or post-listing requirements is detected in 2 (two) consecutive periodic reviews, the Exchange may adopt a resolution relegating the shares from a higher to a lower regulated market segment or a delisting resolution, except where it finds that the delisting might substantially harm the interests of investors or orderly market functioning.

(5) The provisions of paragraphs 1 through 4 of this article shall be without prejudice to the right of the Exchange to perform an extraordinary review in exceptional circumstances to check whether the issuer and the shares meet the criteria for listing in a specific segment of the Regulated market and/or compliance of the issuer with the post-listing requirements for the Official or Prime Market laid down in these Rules.

4. POST-LISTING REQUIREMENTS

4.1 GENERAL PROVISIONS

Obligation of Public Disclosure of Price Sensitive Information

Article 101

(1) Following the listing of a financial instrument on the regulated market, the issuer is required to disclose regulated and inside information, in accordance with the provisions of the CMA, Regulation (EU) No 596/2014 and other regulations and these Rules.

(2) Any information which is subject to the mandatory public disclosure obligation under the provisions of the CMA, Regulation (EU) No 596/2014 and other regulations shall be disclosed to the public in the content and time frame specified in such regulations.

(3) Any information which is subject to the mandatory public disclosure obligation under these Rules shall be disclosed to the public within the form, content, time frame and manner specified in these Rules and other acts of the Exchange.

(4) The issuer shall submit information referred to in paragraphs 2 and 3 of this article simultaneously to the Exchange for the purpose of public disclosure in electronic form in the manner to be specified by the Exchange.

(5) Information referred to in paragraph 4 of this article shall be disclosed to the public by the Exchange on its website without delay.

(6) Where financial instruments of an issuer are listed on the regulated market without approval of the issuer, compliance with the requirements on the issuer laid down in the CMA, Regulation (EU) No 596/2014 and other regulations, these Rules and other acts of the Exchange, shall be obligatory for the person who has listed the financial instruments on the regulated market without approval of the issuer, unless otherwise laid down in the CMA, Regulation (EU) No 596/2014 and these Rules.

(7) Where units in an open-end investment fund are listed on the regulated market, compliance with the requirements of the CMA, Regulation (EU) No 596/2014 and other regulations, these Rules and other acts of the Exchange, shall be obligatory for the management company, and the provisions of Title 4 of the Rules relating to the requirements on the issuer shall apply *mutatis mutandis* to the management company.

(8) Any information of the issuer submitted to the Exchange in accordance with the provisions of these Rules and other acts of the Exchange shall be deemed, prior to its disclosure, to be confidential information and the Exchange may use it for the regular performance of its activities related to such data.

Article 102

(1) The issuer shall submit to the Exchange any information deemed appropriate by the Exchange for the purpose of investor protection and ensuring a smooth market operation.

(2) The Exchange may seek a response of the issuer with regard to any circumstances or facts relating to the financial instrument or to the issuer which affect or might affect the price of the issuer's financial

instruments and which are not derived from the information submitted by the issuer to the Exchange earlier.

(3) The Exchange may request that the issuer disclose information set forth in paragraphs 1 and 2 of this article, and shall specify the form and the time frame of disclosure of such information.

(4) Where the issuer fails to disclose information in accordance with paragraph 3 of this article, the Exchange itself will disclose the information on receiving the issuer's response.

Language

Article 103

(1) The issuer whose financial instruments are listed on the regulated market shall disclose price sensitive information to the Exchange in the language specified by the provisions of the CMA.

(2) The issuers whose instruments are listed on the Official Market and Prime Market shall provide the information in both Croatian and English.

Simultaneous Public Disclosure

Article 104

(1) When disclosing price sensitive information, the issuer of listed financial instruments shall act in such a manner as not to place any person or segment of the public in a privileged position.

(2) When an issuer discloses any inside information to a third party in the normal course of the exercise of an employment, profession or duties in accordance with Regulation (EU) No 596/2014, the issuer shall provide such information simultaneously to the Exchange, except if the person receiving the information owes a duty of confidentiality, irrespective of whether such duty is based on a law, other regulations, articles of association, or a contract.

Parallel Listing

Article 105

Where, in addition to the listing on the regulated market managed by the Exchange, a financial instrument is also listed on another regulated market in the Republic of Croatia or a home Member State or on an exchange in a third country and the issuer is required under the regulations of that regulated market or exchange to disclose certain information, the issuer shall simultaneously disclose the same information via the Exchange.

Choice of Home Member State

Article 106

An issuer whose financial instruments are listed on the regulated market shall notify the Exchange without delay of the choice or of the change of choice of the home Member State with regard to the disclosure of regulated information.

Choice of Official Register of Regulated Information

Article 107

An issuer whose financial instruments are listed on the regulated market shall notify the Exchange without delay of the choice of or of the intention to change the official register of regulated information.

Choice of Media for Disclosure of Regulated Information

Article 108

An issuer whose financial instruments are listed on the regulated market shall notify the Exchange without delay of the choice of or of intention to change the media for public disclosure of regulated information.

Insider List

Article 109

(1) At the request of the Exchange, the issuer shall submit an insider list compiled in the manner laid down by the provisions of Regulation (EU) No 596/2014 and other regulations.

(2) The requirement referred to in paragraph 1 of this article does not apply to the person who has listed financial instruments on the regulated market without approval of the issuer.

Exchange Fee

Article 110

For the duration of the listing, the issuer shall pay a listing maintenance fee to the Exchange in accordance with the price list.

4.2 REGULAR MARKET

4.2.1 Obligations of the Issuer of Shares Listed on the Regular Market

Article 111

The issuer whose shares are listed on the Regular Market shall submit to the Exchange any information which is subject to public disclosure under the CMA, Regulation (EU) No 596/2014, other regulations and these Rules, as well as each significant change to disclosed information, immediately upon the occurrence of such a change.

4.2.1.1 Annual General Meeting

Article 112

(1) The issuer shall submit notice of its Annual General Meeting (AGM) to the Exchange in the time frame specified in the CA or in the regulations governing the establishment and operation of companies.

(2) Notice of the AGM must contain any information which the issuer is required to make available to shareholders under the CMA and other regulations, and which is necessary for the exercise of their rights.

(3) The issuer shall submit to the Exchange without delay any resolutions and disclose information about the resolutions adopted by its AGM.

(4) Where the management is authorised by the AGM to autonomously decide on a particular issue, the issuer shall disclose such a decision without delay.

4.2.1.2 Corporate Actions

Article 113

(1) In the event of dividend (interim dividend) payment, the issuer shall notify the Exchange of the following:

1. amount of dividend per share, proposed and approved by voting;
2. record date in respect of the holders entitled to a dividend payment, where the ex date – as the first day of trading in the respective shares with no right to a dividend – may not be earlier than 2 (two) trading days following the day of public disclosure of the dividend payment resolution approved by voting; and
3. payment date – as early as possible after the record date (recommended to be the next trading day), to be clearly specified as the day on which dividend will be paid.

(2) Any proposals for the resolutions and the resolutions adopted by the issuer's AGM or management in respect of other corporate actions must include:

1. record date in respect of the holders entitled to a payment in cash and/or securities, unless otherwise laid down by law;
2. ex date – as the first day of trading in the respective shares with no right to a payment in cash and/or securities – being at least 1 (one) working day of the central depository prior to the record date in respect of the holders entitled to a payment in cash and/or securities, unless otherwise laid down by law; and
3. payment date – as early as possible after the record date in respect of the holders entitled to a payment (recommended to be the next trading day), to be clearly specified as the day on which a payment in cash and/or securities will be made.

(3) The issuer shall submit to the Exchange the information referred to in paragraphs 1 and 2 of this article at least 2 (two) trading days prior to the ex date.

4.2.1.3 Managers' Transactions

Article 114

The issuer shall submit notification to the Exchange of every transaction conducted on their own account relating to the shares or debt instruments of that issuer or to derivatives or other financial instruments linked thereto by persons discharging managerial duties and persons closely associated with them, in accordance with the provisions of Article 19 of Regulation (EU) No 596/2014.

4.2.1.4 Code of Corporate Governance

Article 115

(1) Any issuer of shares listed on the regulated market, with the exception of shares in closed-end investment funds, shall be subject to the Code of Corporate Governance.

(2) Not later than the day of submission of the annual report, the issuer shall submit to the Exchange a filled out questionnaire, which forms an integral part of the Code of Corporate Governance, and shall also publish it on its website.

4.2.2 Obligations of the Issuer of Debt Securities Listed on the Regular Market

Article 116

The issuer of debt securities listed on the Regular Market shall submit to the Exchange any information which is subject to public disclosure under the CMA, Regulation (EU) No 596/2014, other regulations and these Rules, as well as each significant change to disclosed information, immediately upon the occurrence of such a change.

4.2.2.1 Meeting of the Holders of Debt Securities

Article 117

(1) The issuer shall submit notice of the meeting of its debt securities holders to the Exchange simultaneously with notifying debt securities holders thereof, and not later than 5 (five) trading days prior to the day of the meeting of its debt securities holders.

(2) Notice of the meeting of debt securities holders must contain any information which the issuer is required to make available to debt securities holders under the CMA and other regulations, and which may be necessary for the exercise of their rights.

(3) The issuer shall submit to the Exchange without delay any resolutions and disclose information about the resolutions adopted at the meeting of debt securities holders.

Corporate Actions

Article 118

Any proposals for the resolutions and the resolutions adopted by the meeting of the issuer's debt securities shall be subject *mutatis mutandis* to the provisions of Article 113 (2 and 3) of these Rules.

4.2.3 Obligations of the Issuer of Structured Products Listed on the Regular Market

Article 119

The issuer of structured products listed on the Regular Market shall submit to the Exchange any information which is subject to public disclosure under the CMA, Regulation (EU) No 596/2014 and other regulations, as well as these Rules, and each significant change to disclosed information immediately upon the occurrence of such a change, in particular the information on:

1. changes in characteristics of the structured product (e.g. change of its strike price, barrier, etc.),
2. redemption price of the structured product, and
3. changes in the issuer's credit rating.

4.2.4 Obligations of the Management Company of an Open-End Investment Fund Listed on the Regular Market

Article 120

The management company of an open-end investment fund with units listed on the Regular Market shall submit to the Exchange any information which is subject to public disclosure under the CMA, Regulation (EU) No 596/2014, other regulations and these Rules, as well as every significant change to disclosed information, immediately upon the occurrence of such a change.

Number of Units Issued and (Indicative) Fund Net Asset Value per Unit

Article 121

(1) The open-end investment fund management company shall disclose information on the number of units issued and the fund net asset value (NAV) per unit on each trading day.

(2) In addition to the information referred to in paragraph 1 of this article, the management company of an ETF replicating a particular index shall disclose information on the fund indicative net asset value (iNAV) per unit every 60 (sixty) seconds during the trading day.

(3) In addition to the information referred to in paragraphs 1 and 2 of this article, the management company of an actively managed ETF shall disclose the composition of the fund's portfolio before trading opens on each trading day.

(4) If the management company is unable to calculate the fund NAV and iNAV per unit, it shall promptly notify the Exchange thereof and disclose that information to the public.

Information Concerning the Open-End Investment Fund

Article 122

The management company shall promptly submit to the Exchange the following:

1. information on material changes to the prospectus, as well as on changes to the fund rules and key investor information, on approval by the competent authority if such approval is necessary;
2. semi-annual and audited annual report of the fund of the content and within the time frame laid down in an act governing the establishment and operation of open-end investment funds;
3. any other legal and business event in relation to the management company and to the open-end investment fund under its management, where events which might affect the fund operation are concerned; and
4. any information of significance for investor protection and appropriate market operation.

4.2.5 Obligations of the Issuer of Shares in a Closed-End Investment Fund Listed on the Regular Market

Article 123

(1) The issuer of shares of a closed-end investment funds listed on the Regular Market shall submit to the Exchange any information which is subject to public disclosure under the CMA, Regulation (EU) No 596/2014, other regulations and these Rules, as well as each significant change to disclosed information, immediately upon the occurrence of such a change.

(2) Obligations of the closed-end investment fund shall be performed by its management company, or by the fund itself if it has an internal manager.

Net Asset Value and Net Asset Value per Share

Article 124

Information on the fund net asset value and on the net asset value per share of the fund shall be submitted to the Exchange in the time frame specified by the regulations governing the establishment and operation of alternative investment funds.

Information Concerning the Closed-End Investment Fund

Article 125

The issuer shall promptly submit to the Exchange the following:

1. information on changes to the prospectus and on changes to the fund rules, on approval by the competent authority if such approval is necessary;
2. audited annual report of the fund of the content and within the time frame laid down in the CMA;
3. any other legal and business event related to the issuer and closed-end investment fund under its management, where events which might affect the fund operation are concerned; and
4. any information of significance for investor protection and appropriate market operation.

4.3 OFFICIAL MARKET

4.3.1 Obligations of the Issuer of Shares Listed on the Official Market

Article 126

The issuer of shares listed on the Official Market shall comply with any post-listing requirements laid down for the issuers whose shares are listed on the Regular Market and additional obligations laid down in these Rules.

4.3.1.1 Management and Supervisory Board Meetings

Article 127

(1) The issuer shall submit information on management and supervisory board meetings to the Exchange not later than 2 (two) trading days prior to the day of the meeting at which these bodies are to decide on the following:

1. financial (unaudited and/or audited unconsolidated and/or consolidated) statements;

2. dividend or interim dividend payment;
3. increase and reduction of share capital;
4. adopting an own share buy back programme;
5. issuing approval for the acquisition and disposal of own shares.

(2) The issuer shall submit any resolutions and documents being adopted by virtue such resolutions to the Exchange not later than the opening of trading on the following trading day.

4.3.2 Obligations of the Issuer of Debt Securities Listed on the Official Market

Article 128

The issuer of debt securities listed on the Official Market shall comply with any post-listing requirements laid down for the issuers whose debt securities are listed on the Regular Market and additional obligations laid down in these Rules.

4.3.2.1 Management and Supervisory Board Meetings

Article 129

(1) The issuer shall submit information on management and supervisory board meetings to the Exchange not later than 2 (two) trading days prior to the day of the meeting at which these bodies are to decide on the following:

1. financial (unaudited and/or audited unconsolidated and/or consolidated) statements;
2. early redemption of debt securities; and
3. change to the terms of the issue.

(2) The issuer shall submit any resolutions and documents being adopted by virtue such resolutions to the Exchange without delay but not later than the opening of trading on the following trading day.

4.4 PRIME MARKET

4.4.1 Obligations of the Issuer of Shares Listed on the Prime Market

Article 130

The issuer of shares listed on the Prime Market shall comply with any post-listing requirements laid down for the issuers whose shares are listed on the Official Market and additional obligations laid down in these Rules.

4.4.1.1 Calendar of Events

Article 131

(1) The issuer shall submit to the Exchange and disclose on its website a calendar of events, listing dates on which the issuer expects to disclose the following:

1. financial statements,
2. AGM date,
3. dividend payment, and
4. other activities connected to investor relations.

(2) With regard to the annual accounts, the issuer may specify the week of disclosure.

(3) The issuer shall disclose a calendar of events for each financial year prior to the commencement of the financial year, and any change in the calendar as soon as it occurs, but not later than a week before the earlier of the originally scheduled date or the changed date.

4.4.1.2 Presentation of the Annual Report

Article 132

After their disclosure to the public or simultaneously with it, the issuer shall present the annual accounts in conferences with interested financial analysts and representatives of the media.

4.4.1.3 Company Takeover or Corporate Divestiture

Article 133

(1) The issuer shall submit to the Exchange any information on the takeover of the company or corporate divestiture which is price sensitive.

(2) Information referred to in paragraph 1 of this article shall cover in particular the following:

1. purchase price,
 2. method of payment,
 3. material facts on the company being taken over or divested,
 4. reasons for the transaction,
 5. estimated effects of the transaction on the issuer,
 6. transaction schedule, and
 7. other key transaction terms, particularly where these may affect its validity,
- except where the regulations governing company takeover specify otherwise.

(3) The company or the business being taken over should be described by covering a description of the business and principal activities, financial condition and indicators, including any historical data.

4.4.1.4 New Share Issuance

Article 134

When issuing new shares, the issuer shall issue transferable securities (new share subscription rights) to enable the shareholders with pre-emption rights to exercise their right to the subscription and purchase of new shares, and to enable their trading in such securities on an MTF operated by the Exchange for at least 10 (ten) trading days prior to the first day of subscription of the new issue.

4.5 SPECIFIC PROVISIONS FOR THE ISSUERS OF DEPOSITARY RECEIPTS

Article 135

(1) Depositary receipts may be listed in a particular segment of the regulated market, in accordance with the provisions of the CMA, other regulations and these Rules concerning the listing of particular types of securities to which depositary receipts relate.

(2) The issuer of securities to which depositary receipts refer shall comply with any disclosure obligations under the regulations applying to such issuers and the requirements laid down in the CMA, Regulation

(EU) No 596/2014 and other regulations, as well as additional obligations to disclose information to the public laid down in these Rules.

(3) The requirements referred to in paragraph 2 of this article may also be performed by the issuer of depositary receipts in lieu of the issuer of underlying securities to which such depositary receipts refer.

4.6 SPECIFIC PROVISIONS FOR THE ISSUERS OF FINANCIAL INSTRUMENTS FROM MEMBER STATES OR THIRD COUNTRIES

Article 136

(1) The provisions of these Rules concerning the criteria for listing on the regulated market, share transition among regulated market segments and delisting shall also apply to the issuers of financial instruments from other Member States and third countries, except where otherwise specified in these Rules.

(2) The issuers of financial instruments from other Member States and third countries shall comply with disclosure obligations under the regulations applying to such issuers and with the requirements laid down in the CMA and other regulations, as well as additional obligations to disclose the information relating to particular types of financial instruments or particular regulated market segments laid down in these Rules.

4.7 REGULATED MARKET DELISTING

Article 137

(1) Delisting may occur:

1. under an AGM resolution on delisting from the regulated market;
2. by decision of the Agency, court or other public authority;
3. on maturity or early redemption of the financial instrument;
4. in the cases specified in the Prospectus or other documents related to the listing;
5. where the issuer and/or financial instrument no longer meets the criteria for listing / admission to trading in a particular segment of the regulated market, and/or in the event of non-compliance of the issuer with post-listing requirements laid down in these Rules;
6. in the event of bankruptcy proceedings being initiated against the issuer;
7. in the event of liquidation proceedings being initiated against the issuer;
8. by dissolution of the issuer;
9. by cessation of the financial instrument; or
10. at the request of another person, in accordance with the provisions of a regulation governing the resolution of credit institutions and investment companies.

(2) The last day of trading in the financial instrument on the regulated market shall be specified by resolution of the Exchange.

(3) The resolution on delisting shall be submitted by the Exchange to the Agency without delay and published on its website.

AGM Resolution on Regulated Market Delisting

Article 138

(1) In the case referred to in Article 137(1)(1) of these Rules, the issuer of shares domiciled in the Republic of Croatia whose AGM adopts a resolution to delist its shares from the regulated market shall submit a request for share delisting from the regulated market to the Exchange, together with a decision on the entry of the delisting resolution in the court register and with the minutes of the AGM which adopted the resolution to delist shares from the regulated market.

(2) Where the resolution on share delisting from the regulated market is adopted by more than a 9/10 (nine-tenth) majority of the votes cast, the Exchange will delist the shares from the regulated market on the following trading day after receiving the resolution or on expiry of a particular period of time from the entry of the resolution in the court register, where so specified in the resolution on regulated market delisting.

(3) In other cases, with the exception of those referred to in paragraph 2 of this article, the Exchange will delist the shares from the regulated market on expiry of 6 (six) months from the day the resolution is entered in the court register.

(4) Where the shares are listed on the regulated market without approval of the issuer, the provisions of paragraph 1 of this article shall apply to the person who submitted the listing application.

(5) In the case referred to in paragraph 4 of this article, the Exchange will delist the shares from the regulated market on expiry of 3 (three) months from the day it receives the request for share delisting from the regulated market and documents set forth in paragraph 1 of this article.

Maturity or Early Redemption of the Financial Instrument

Article 139

In the case referred to in Article 137(1)(3) of these Rules, delisting will occur on the same or the next trading day from the receipt of a decision of the issuer or of the central depository or central register whose services are involved in respect of the financial instrument concerned.

Delisting in the Cases Set Forth in the Prospectus or Other Listing Documents

Article 140

In the case referred to in Article 137(1)(4) of these Rules, the Exchange will adopt a delisting resolution on the basis of information contained in the Prospectus or other documents related to the listing.

Non-Compliance With Listing Criteria for a Particular Regulated Market Segment and/or Non-Compliance
With Post-Listing Requirements of These Rules

Article 141

(1) In the case referred to in Article 137(1)(5) of these Rules, the Exchange will generally adopt a delisting resolution on completing 2 (two) consecutive periodic reviews in the manner laid down in Article 100 of these Rules, except where otherwise dictated by circumstances.

(2) Without prejudice to paragraph 1 of this article, the Exchange may adopt a delisting resolution as a measure to protect market integrity, in accordance with the provisions of these Rules.

(3) In the case referred to in paragraph 1 of this article, delisting will occur on expiry of 3 (three) months from the day of adoption of the delisting resolution, except where otherwise dictated by circumstances.

Bankruptcy of the Issuer

Article 142

(1) In the case referred to in Article 137(1)(6) of these Rules, the Exchange will adopt a delisting resolution at the request of the trustee (bankruptcy administrator) for delisting from the regulated market and under a decision to initiate bankruptcy proceedings against the Issuer.

(2) In the case referred to in paragraph 1 of this article, delisting will occur on expiry of 1 (one) month from the day of adoption of the delisting resolution.

(3) By way of derogation from paragraph 2 of this article, if no transactions in the financial instrument are concluded for 3 (three) months prior to receipt of the request for its delisting, delisting will occur on the following trading day after the delisting resolution is adopted.

Liquidation Proceedings

Article 143

(1) In the case referred to in Article 137(1)(7) of these Rules, the request for delisting shall be submitted by the liquidator.

(2) The provisions of Articles 133 of these Rules shall apply *mutatis mutandis*.

Dissolution of the Issuer and Cessation of the Financial Instrument

Article 144

In the case referred to in Article 137(1)(8 and 9) of these Rules, delisting will occur on the same or on the following trading day after the Exchange receives from the issuer a decision on the entry of the status change or dissolution of the issuer in the court register, or a decision of the central depository or central register.

Article 145

The Exchange accepts no liability for direct or indirect damage and/or loss of profits as a consequence of the delisting resolution adopted.

5. TRADING

5.1 GENERAL PROVISIONS

Scope

Article 146

- (1) These Rules shall apply to all transactions in financial instruments listed on the regulated market which are concluded by members of the Exchange through the trading system.
- (2) The Exchange may group and arrange financial instruments traded on the trading system into particular trading modalities, according to objective criteria, and lay down uniform rules of trading for each modality.
- (3) The inclusion of financial instruments in trading modalities shall be published by the Exchange on its website.

Calendar of Trading Days and Trading Hours

Article 147

- (1) The calendar of trading days and trading hours is defined by the Exchange.
- (2) The calendar of trading days for the coming year shall be published on the website.

Temporary Change of Trading Hours

Article 148

- (1) In the event of circumstances referred to in Article 168(1) (a) to (d) these Rules or circumstances requiring a technical intervention in the trading system, the Exchange may change trading hours temporarily.
- (2) The Exchange may change trading hours also when trading in financial instruments is interrupted in accordance with the provisions of Article 169 or temporarily suspended under section 8.1.2.3 of these Rules.
- (3) The Exchange shall notify member firms of its decision referred to in paragraphs 1 and 2 of this article via the communication system or by other appropriate means.

Trading Modalities

Article 149

The trading system allows the following trading modalities:

1. auction,
2. continuous trading and
3. continuous auction.

Trading Phases

Article 150

- (1) Trading represents a period within a trading day during which bid and ask quotes, and bid and ask market maker quotes, may be entered in the trading system and matched to result in transactions.

(2) Trading consists of the following consequent phases:

1. pre-trading phase,
2. main trading phase,
3. post-trading phase.

(3) The beginning and end of each trading phase in a particular trading modality is specified by the Exchange in a manual.

(4) The trading system is not accessible to member firms between the end of the post-trading and the beginning of pre-trading.

Pre-Trading Phase

Article 151

(1) During the pre-trading phase, all members can enter new orders, modify and cancel existing orders, and the market maker may enter and cancel bid and ask quotes.

(2) In the continuous trading and auction, members have no access to the order book because it remains closed during the pre-trading phase. The only information displayed is the closing price of the previous trading day, if available.

(3) The order book is open in the continuous auction, allowing members to see up to 20 aggregated orders at most, depending on the selected service model. The only information displayed is the closing price of the previous trading day, if available.

Main Trading Phase

Article 152

(1) After the close of the pre-trading phase begins the main trading, during which transactions are concluded according to the rules applicable to the trading modality in a particular financial instrument.

(3) The main trading phase in the continuous trading consists of the opening auction, continuous trading and the closing auction.

(3) The main trading session in auction trading consists of a single auction.

(4) The main trading session in continuous auctions takes place via auctions. Each of these auctions consists of a pre-call phase, an optional call phase and price determination.

Post-Trading Phase

Article 153

(1) The post-trading phase begins after the main trading closes.

(2) Members have no access to the order book because it remains closed during this phase. The only information displayed is the close price.

(3) During the post-trading phase, all member firms except market makers may enter new orders, and modify and cancel existing orders.

Orders
Article 154

- (1) Members may enter the following types of orders in the trading system:
 - (a) limit order;
 - (b) market order;
 - (c) market-to-limit (MTL) order;
 - (d) iceberg order;
 - (e) stop order.
- (2) Orders may be limited with regard to their:
 - (a) execution;
 - (b) time validity;
 - (c) trading stage.
- (3) The trading system assigns an identification code to each order and transaction.
- (4) Members receive a confirmation of orders entered through the trading system and a confirmation of its execution as soon as a transaction occurs.
- (5) Various types of access to the trading system may enable a member firm to use other types of orders in addition to those set forth in Articles 172 and 202 of these Rules, as well as their non-mandatory elements. On their actual entry in the trading system, orders may be changed and further modified compared to what has been laid down in these Rules. Irrespective of the options provided by various interfaces, types of orders available and their non-mandatory elements, an order shall be deemed to be received by the Exchange at the time it has been input from the interface to the Exchange trading system with requisite order characteristics as laid down in these Rules.

Article 155

- (1) The types of orders to be used in particular trading modalities shall be determined by the Exchange.
- (2) The tick size specified and the minimum trading lot per financial instrument shall be specified by the Exchange in a manual.
- (3) Orders and quotes must be compliant with paragraph 2 of this article.

Order Time Stamp
Article 156

- (1) The trading system will assign a time stamp to each order in the form of an identification code on which the priority of order execution depends.
- (2) The order time stamp will remain unchanged in the event of:
 - a) lot size reduction;
 - b) shorter order time validity;
 - c) user account change;
 - d) change of the order's internal code;
 - e) change of the settlement account number;
 - f) changes in trading phase limits.
- (2) In other cases, changes made to the order will result in a change of the order time stamp.

Maximum Order Validity in the Trading System

Article 157

- (1) The maximum order validity in the trading system shall be 360 days from the day of order input in the trading system (T+359).
- (2) On expiry of the time referred to in paragraph 1 of this article, the trading system will automatically cancel the order in the order book.

Order Management

Article 158

- (1) Member firms shall execute orders and quotes for financial instruments through the trading system by entering the relevant order and managing it further in the trading system.
- (2) Order management by member firms includes the order entry, modification and cancellation.
- (3) Certain combinations of order types and conditions for their execution are permitted when managing orders through the trading system, where order management is limited with regard to the trading modality, trading phase and auction phase, as well as functionalities of the interface used by the member firm.

Cancellation under Special Circumstances

Article 159

- (1) The Exchange will cancel all order book orders for a financial instrument in the event of its delisting, by order of authorised state authorities, change in the trading currency and any corporate actions prompting changes in financial instruments (such as, for instance, stock split, or mergers and acquisitions, etc.). In the event of a membership suspension or termination by exclusion of a member firm from membership and the use of a kill switch mechanism at the request of the clearing system, the Exchange will cancel only the orders of the respective member from the order book.
- (2) The Exchange may cancel all order book orders for a financial instrument in the event of corporate actions other than those referred to in paragraph 1 of this article, in the surveillance procedure under the provisions of Article 257 of these Rules, in the event of a change in the bond principal, a new code being assigned to the financial instrument, before the trading system is upgraded, or if access by a member firm to the trading system has been disabled for justified reasons or at its request, etc.
- (3) When event referred to in paragraphs 1 and 2 of this article are expected to have a major impact on the price of financial instruments, depending on the circumstances of the specific case, the Exchange may adjust the reference price in the trading system.
- (4) The Exchange shall notify member firms of all measures and activities it decides to undertake in accordance with paragraph 2 of this article.

Article 160

The Exchange accepts no responsibility or liability for the reconciliation of the member firm's order records with the order book in the trading system.

Article 161

The member firm shall establish adequate systems and efficient controls to prevent entry in the trading system of erroneous orders or any orders which might compromise a fair, orderly and efficient trading, and behaviour which might indicate market abuse, in accordance with Regulation (EU) No 596/2014.

Transaction

Article 162

- (1) A transaction occurs when the trading system matches a sell order to a buy order for the same financial instrument, according to the rules of a particular trading modality.
- (2) As the transaction occurs, the orders which are matched to result in the transaction will be filled in whole or in part.
- (3) Relevant provisions of these Rules and other Exchange acts related to trading in financial instruments are also deemed to constitute an integral part of the legal transaction concluded by making the transaction.
- (4) Once the transaction is made, member firms are required to perform their obligations under the terms of the deal.

Financial Instruments in Transaction

Article 163

Financial instrument in the transaction shall be those listed on the regulated market to which both orders refer.

Price

Article 164

- (1) The prices of financial instrument are determined automatically by the trading system, in accordance with the rules applicable to a particular trading modality and are considered regulated market prices.
- (2) The prices of interest bearing financial instruments are stated net of the accrued interest as clean prices.
- (3) The Exchange shall make no price adjustment or correction in respect of ex-dividend or ex-interest transactions.

Transaction Venue and Time

Article 165

- (1) The transaction venue is the place at which the Exchange has its registered office.
- (2) The transaction time shall be that recorded by the trading system.

Finality of Transactions

Article 166

All transactions made through the trading system shall be final and binding, with no need for subsequent confirmation by the member firms involved.

Fee

Article 167

- (1) Member firms shall pay a fee to the Exchange for any transactions made.
- (2) The amount and method of calculating the fee referred to in paragraph 1 of this article shall be specified in the price list.

Trading Suspension

Article 168

(1) In the event of circumstances relating to the subject of the transaction, the issuer of financial instruments, investors, member firms, clearing or trading data storing system operators, as well as those which might

- a) affect the price formation or the movement of prices reached on the Exchange,
- b) infringe on the legitimacy of transaction conclusion or settlement,
- c) compromise the position or the interests of the Exchange,
- d) on otherwise compromise the interest of issuers and investors,

and where such circumstances are subject to the conditions laid down by law, the Exchange may suspend trading.

(2) The circumstance referred to in paragraph 1 of this article shall also include the state of war, work interruptions, strikes, civil disobedience, natural disasters (earthquake, thunderbolt, landslides, etc.) or other event constituting *force majeure*, as well as any technical or other event (difficulties in the operation of the trading system, access data networks for the exchange of data between a member firm's computer system and the trading system, etc.) which might compromise, hamper or prevent trading or transaction clearing.

(3) Transactions may not be concluded during the trading suspension or interruption.

(4) The information on trading suspension shall be published by the Exchange on its website and submitted to the Agency.

(5) The Exchange shall notify member firms, the Agency and the public of the resumption of trading suspended under paragraphs 1 and 2 of this article.

Trading Suspension Due to Extraordinary Market Volatility

Article 169

(1) Should the CROBEX® index falls by 10 % or more compared to its last value on the previous trading day, the Exchange will suspend share trading for a time laid down in this paragraph:

- (a) before 13:00, for 1 (one) hour;
- (b) at or after 13:00, for thirty (30) minutes.

(2) Should the CROBEX® index fall again by 10 % or more compared to its last value on the previous trading day at or after 13:00, trading will continue until the end of the trading day, except where the CROBEX® index falls by 15 % or more compared to its last value on the previous trading day, in which case trading will be suspended until the end of the trading day.

(3) The information on trading suspension shall be published by the Exchange on its website and notified to the Agency.

(4) The Exchange shall notify member firms, the Agency and the public of the resumption of trading suspended under paragraphs 1 and 2 of this article.

Article 170

The provisions of Articles 168 and 169 of these Rules shall be without prejudice of the right of the Exchange to suspend trading in a particular financial instrument or type of financial instruments in a particular trading modality or trade in a particular segment of the regulated market, in accordance with the provisions of the CMA, other regulations and these Rules.

Responsibility of the Exchange

Article 171

The Exchange does not accept responsibility or liability to member firms or third parties for any direct or indirect damage and/or loss of profits incurred by the following:

1. failures, data loss or modification, failure to conclude expected deals and/or in other manner resulting from or occurring as a consequence of interruptions, inability to use, failure or malfunction of the computer equipment of the member firm or of the Exchange, as well as of the computer system of the member firm, data connection or trading system;
2. failures, data loss or modification, failure to conclude expected deals and/or in another manner occurring due to the use or attempted use of the computer equipment of the member firm or of the Exchange, as well as the computer system of the member firm, data connection or trading system for any other purposes except those specified in these Rules;
3. interruption in the electricity supply, electric shock, fire or other circumstances beyond control of the Exchange, which directly or indirectly cause irregularities or interruption in the operation of the computer equipment of the member firm or of the Exchange, as well as of the computer system of the member firm, data connections or trading system, and which directly or indirectly prevents a fair, orderly and efficient trading;
4. use of the computer system of the member firm, data connections or trading system in the manner which is not compliant with the provisions of these Rules, implementing acts, technical instructions and other instructions for the use of information equipment or data connections provided by the Exchange, equipment manufacturer and/or distributor or communication services provider.

5.2 Continuous Trading and Auction

5.2.1 Types of Orders

Article 172

(1) In the continuous trading and in the auction trading session, the trading system supports the following types of orders:

1. limit order;
2. market order;
3. market-to-limit (MTL) order;
4. iceberg order;
5. stop order;
 - a. stop market order;
 - b. stop limit order;
6. market maker quote.

Limit and Market Order

Article 173

With regard to the method of setting prices, an order may be:

1. a limit order – an order in which the price has been specified. The order will be filled at the price specified in the order or at a better price.
2. a market order – an order with no specified price. The order will be filled at the best price found in the order book at the time. If the order cannot be filled at the time of its issuing, it will remain in the order book for as long as the conditions necessary for its filling are met or until it expires.

MTL Order

Article 174

(1) A Market-to-limit (MTL) order is an order entered in the trading system as a market order and filled against the best order on the other side of the order book. If the order cannot be filled in whole, a new limit order will be entered in the order book for the residual value at the price equal to that at which the order has been filled in part.

(2) The trading system will automatically assign the time stamp to the limit order equal to that of the MTL partial execution.

(3) In continuous trading, an MTL order can be entered in the trading system if there are limit orders only on the other side of the order book.

(4) During auctions (including the volatility interruption mechanism), the MTL order will work and be displayed as a market order. It can be entered into the order book during auctions even if the order book contains market orders. At the end of the auction, the MTL order will be filled at the indicative auction price.

Iceberg Order

Article 175

- (1) An iceberg order is an order with two parameters related to the volume of financial instruments, the overall volume and the peak size of the financial instrument.
- (2) Only the peak volume is available in the order book during continuous trading.
- (3) Where the peak size drops to 0, it is automatically substituted to the full peak size or available amount from the overall volume, with the order being assigned a new time stamp.
- (4) In continuous trading, not only peak size but the overall volume is taken into account in the order entry, so the maximum volume to be closed is executed in a single transaction. If an iceberg order is found in the order book, its peak size only will take part in transaction making.
- (5) In the event of partial order filling, the latest portion of peak size may be smaller than the amount of peak size stated in entering the order.
- (6) Iceberg orders may not be combined with execution limits or trading limits.
- (7) On each increase in the peak size or the overall volume, the order will be assigned a new time stamp.
- (8) In the course of an auction (opening auction, closing auction or volatility interruption), iceberg orders are displayed with their overall volume stated. If an iceberg order is not filled in whole during the auction, a new order with the peak size displayed will be entered automatically when passing to the continuous trading.
- (9) The minimum peak size and the minimum overall volume in the iceberg order shall be specified by the Exchange in a manual.
- (10) For the purpose of setting the parameters set forth in paragraph 9 of this article, the Exchange may arrange financial instruments in particular classes based on the closing price.

Stop Order

Article 176

- (1) Two types of stop orders are available in the trading system to be activated after a predefined stop limit of the order is reached:
 1. a stop market order – when a predefined stop limit is reached or exceeded, the stop order is automatically quoted in the order book as a market order to be filled immediately;
 2. a stop limit order – when a predefined stop limit is reached or exceeded, the stop order is automatically quoted in the order book as a limit order to be filled immediately.
- (2) When entering a stop loss order, the stop limit must be equal or lower than the price of the last transaction for a particular financial instrument.
- (3) In the case of a buy stop order, the stop limit must be equal or higher than the price of the last transaction for a particular financial instrument.
- (4) On each modification to a stop order, the trading system will assign a new stamp to the order.

Market Maker Quote

Article 177

- (1) The trading system enables market makers to enter market maker quotes.
- (2) The time limit of market maker quotes is until the end of the trading day on which the quote is entered.

Article 178

With regard to the time validity, orders may be one of the following:

1. good-for-day – an order valid until the end of the trading day on which it is entered;
2. good-till-date – an order valid until the set date, but not longer than 360 days from the date of order entry (T+359);
3. good-till-cancelled – an order valid until cancelled, but not longer than 360 days from the date of order entry (T+359).

Article 179

(1) The trading system supports the following execution limits for limit and market orders in continuous trading:

1. Immediate-or-Cancel – the order will be filled by executing the possible volume immediately, while the unfilled portion is cancelled;
2. Fill-or-Kill – the order will be filled by executing the overall volume immediately, if possible; otherwise, the whole order is cancelled.

(2) In addition, the following execution limits may be used for limit orders in continuous trading:

1. Book-or-Cancel (BOC) – the order is entered in the order book for the purpose of passive execution. If aggressive execution is possible, the order will be cancelled without being entered in the order book. At the beginning of an auction or volatility interruption, the BOC order will be cancelled and the entry of this type of order will not be possible in the course of the auction.

Article 180

With the limits with regard to the trading phase, an order may be filled in all types of auctions or in a particular type of auction only:

1. opening auction only – the order may be filled during the opening auction only;
2. closing auction only – the order may be filled during the closing auction only;
3. auction only – the order may be filled during opening auctions, closing auctions or in auction modality.

Article 181

(1) With regard to persistence, an order may be entered in the trading system as:

1. a persistent order – the order will not be cancelled from the order book in the event of a market halt;
2. a non-persistent order – the order will be cancelled from the order book in the event of a market halt.

(2) After the order is entered in the order book, it will no longer be possible to change the order element determining its persistence.

(3) Market maker quotes are always non-persistent.

Mandatory Order Elements

Article 182

(1) On order entry in the trading system, the following order elements are mandatory:

1. type of order,
2. buy/sell,
3. ticker (identifier) of the financial instrument,
4. price of the financial instrument, in limit orders,
5. predefined stop limit, in stop orders,
6. volume of the financial instrument,
7. peak size, in iceberg orders,
8. account type.

(2) An order which does not include the elements set forth in paragraph 1 of this article cannot be entered in the trading system.

Non-Mandatory Order Elements

Article 183

(1) On order entry in the trading system, the following order elements are not mandatory:

1. order time validity,
2. execution limit,
3. trading phase limits,
4. settlement account number,
5. internal order code of the member firm.

(2) In addition to the elements set forth in paragraph 1 of this article, further non-mandatory order elements are also possible, depending on the functionality of the Application Programming Interface used by the member firm.

5.2.2 Continuous Trading

Article 184

The following types of financial instruments may be traded in the continuous trading modality:

- a) shares and other securities equivalent to shares which represent an interest in the capital or in the shareholders' rights in a company, as well as depositary receipts;
- b) bonds and other types of securitised debt, also including depositary receipts;
- c) money market instruments;
- d) units in collective investment undertakings: shares in closed-end investment funds and units in open-end investment funds.

Article 185

- (1) The main phase in the continuous trading modality consists of the following:
1. opening auction,
 2. continuous trading and
 3. closing auction.
- (2) The duration of particular phases referred to in paragraph 1 of this article shall be specified by the Exchange in a manual.

5.2.2.1 Opening Auction

Article 186

- (1) The opening auction consists of two phases:
1. a call phase and
 2. price determination.
- (2) All valid orders remaining from the previous trading day and any orders entered on the current trading day participate in the opening auction, except where strictly specified that they are valid in the closing auction only.

Call Phase

Article 187

- (1) During the call phase, members can enter new orders, modify and cancel existing orders, and the market maker may enter and cancel bid and ask quotes.
- (2) The order book is open during the call phase, allowing members to see up to 20 aggregated orders at most, depending on the selected service model. If one or several transactions can be made in the opening auction, an indicative price and an indicative volume will be displayed.
- (3) The call phase has a variable ending.

Price Determination

Article 188

The call phase is followed by price determination, in accordance with the provisions of Article 200 of these Rules.

5.2.2.2 Continuous Trading

Article 189

- (1) After the opening auction ends, continuous trading will follow.

(2) The order book is open during continuous trading, allowing members to see up to 20 aggregated orders at most, depending on the selected service model.

(3) Each newly entered limit or market order or market maker quote will be compared with the previously entered orders on the other side of the order book to determine if transactions are possible.

(4) Transactions are concluded in accordance with the provisions of Article 201 of these Rules.

5.2.2.3 Closing Auction

Article 190

(1) Continuous trading is followed by the closing auction. The closing auction consists of two phases:

1. a call phase and
2. price determination.

(2) The closing auction has the same characteristics as the opening auction.

5.2.3 Auctions

Article 191

(1) Shares or other securities equivalent to shares which represent an interest in the capital or in the shareholders' rights in a company, as well as depositary receipts which do not meet predefined liquidity criteria are traded in auctions.

(2) Auctions take place in the manner described in Articles 186 through 188 of these Rules.

Article 192

(1) Shares shall be classified by the Exchange for trading in auctions every 3 (three) months according to the liquidity criteria, including the average daily turnover and the average number of concluded order book transactions.

(2) By way of derogation from paragraph 1 of this article, the Exchange may classify a share which meets the liquidity criteria specified in Article 194 of these Rules for continuous trading even before the expiry of 3 (three) months.

(3) Numerical criteria for the share classification for trading in auctions shall be specified by the Exchange in a manual and published on its website.

Article 193

(1) Each first Friday of the quarter, based on data for the previous quarter, the Exchange will determine a list of shares to be traded in auctions.

(2) The list of shares to be traded in auctions will be sent by the Exchange to members firms and published on its website.

(3) Trading in auctions will commence on the following trading day, after the list of shares has been published on the website.

5.2.3.1 Fast Transition to Continuous Trading

Article 194

- (1) Based on the liquidity criteria, including a specific weekly turnover, the number of order book transactions in a single trading week and the number of order book transactions on a single trading day, the Exchange may transfer a share traded in auctions to continuous trading.
- (2) Numerical criteria for a fast transition of shares to continuous trading shall be specified by the Exchange in a manual and published on its website.
- (3) At the end of each trading week, the Exchange will check whether any shares traded in auctions meet the criteria for a fast transition to continuous trading.
- (4) The transition of a particular share to continuous trading shall be notified by the Exchange to member firms and published on its website.
- (5) Continuous trading in the shares will commence on the following trading day, after notification of it has been published on the website.

5.2.4 Mechanisms to Protect Trading

5.2.4.1 Volatility Interruption

Article 195

- (1) Volatility interruption is among the mechanisms to protect trading which contribute to preventing sudden price fluctuations and guarding against erroneous order entry.
- (2) Volatility interruptions are applied in the continuous trading modality and in auctions.
- (3) The dynamic and the static limit of price change to trigger a volatility interruption, as well as the criteria according to which these limits are set, and the duration of the volatility mechanism and extended volatility mechanism shall be specified by the Exchange in a manual and published on its website.

Article 196

- (1) The volatility interruption may be triggered in the following cases:
 1. on the entry in the trading system of an order which, if filled, might result in one or several transactions which would exceed the predefined dynamic limit of price change. The reference price for dynamic limits shall be the price of the last transaction, whether in continuous trading or in an auction;
 2. on the entry in the trading system of an order which, if filled, might result in one or several transactions which would exceed the predefined static limit of price change. The reference price for static limits shall be the price of the last transaction in an auction (auction trading session, opening auction, closing auction or volatility interruption). Where there are no transactions made in an auction on a particular day, the close on the previous trading day will be taken to be the reference price.
- (2) If, on expiry of the volatility interruption, the indicative price is:

1. within the limit of extended volatility interruption, the price will be determined and transactions concluded;
2. outside the limit of extended volatility interruption, the auction will be extended.

Volatility Interruption in Auction

Article 197

- (1) If, during an auction at the end of the call phase, the indicative price at which transactions would be made in the auction exceeds the dynamic or static limit of price change, the volatility interruption will be triggered automatically.
- (2) The volatility interruption results in an extension of the call phase during which members may enter new orders, modify or cancel existing orders. The call phase with a variable ending will end on expiry of the period of extension.
- (3) If, at the end of the volatility interruption, the indicative price is within the limit of the extended auction, price determination will take place and transactions will be concluded.
- (4) The functioning of the volatility interruption described in paragraphs 1 and 2 of this article shall apply to the auction trading session, the opening auction and the closing auction.

Volatility Interruption During Continuous Trading

Article 198

- (1) During continuous trading, transactions are made for as long as the transaction price does not exceed the dynamic and/or the static limit of price change, triggering a volatility interruption.
- (2) Volatility interruption prompts a change in the trading modality by interrupting continuous trading, after which an auction begins.
- (3) The auction consists of a call phase and price determination.
- (4) On expiry of a predefined minimum call phase time, that phase will have a variable ending.
- (5) The volatility interruption will be followed by continuous trading.

5.2.4.2 Extended Volatility Interruption

Article 199

- (1) If, at the end of a volatility interruption, the indicative transaction price is outside the limit of the extended volatility interruption, there will be no transaction and the duration of the volatility interruption will be extended by a predefined period of time.
- (2) The limit of the extended volatility interruption shall be determined by the Exchange with regard to the dynamic limit of price change multiplied by a certain factor.
- (3) The duration of the extended volatility interruption shall be determined by the Exchange and published on its website.
- (4) Prices will be determined and transactions concluded at the end of the extended volatility interruption.

5.2.5 Price Determination

5.2.5.1 Price Determination in Auction

Article 200

(1) Price in an auction is determined according to the status in the order book at the end of the call phase by selecting the price at which the maximum volume may be closed at the minimum surplus.

(2) If there is more than one price at which the maximum volume may be closed with equal surplus, the surplus volume will also be taken into account:

1. if there is a bid surplus side for all prices, then the auction price will be equal to the highest price;
2. if there is an ask surplus side for all prices, then the auction price will be equal to the lowest price.

(3) If the auction price cannot be determined based on the surplus, the reference will be taken as an additional criterion. The situation described occurs where:

1. there is a demand surplus at one set of prices and a supply surplus at another set of prices;
2. there is no surplus at any price.

(4) In the case referred to in paragraph 3(1) of this article, the highest price with a demand surplus and the lowest price with a supply surplus will be further considered. In both cases, the auction price will be determined using the reference price as follows:

1. if the reference price is closer to the highest price, the auction price will be equal to the highest price;
2. if the reference price is closer to the lowest price, the auction price will be equal to the lowest price;
3. if the reference price is right at the midpoint range between the highest and the lowest price, the auction price will be equal to the highest price.

(5) If the order book contains market orders only, transactions will be concluded at the reference price.

(6) If the order book is not crossed and there can be no transactions, the auction price cannot be determined either. In that case, the best buy and/or sell orders will be displayed, if available.

(7) The method of price determination described in paragraphs 1 through 6 of this article shall apply to the auction trading session, the opening and the closing auction and the volatility interruption.

5.2.5.2 Price Determination During Continuous Trading

Article 201

(1) Each newly entered market order, MTL order or limit order is compared with the orders on the other side of the order book to see if orders can be filled, resulting in one or several transactions.

(2) The priority of order execution shall be determined by the order price and time stamp.

(3) The order sequence gives priority of execution to buy orders quoted at a higher price and to sell orders quoted at a lower price.

(4) If there are several orders quoted at the same price, the orders with an earlier time stamp will have priority.

(5) Orders may be filled in whole, in part or they cannot be filled at all, depending on the status in the order book, which may result in the conclusion of one or several transactions. Orders which are not filled or which are filled in part will remain in the order book, ranking according to the priority of order price and time stamp.

(6) In addition to the order price and time stamp, the priority in order execution will also be given according to the following rules:

1. If a market order, an MTL order or a limit order is entered in the order book which contains only limit orders on the other side, the price will be determined according to the highest bid order or the lowest sell order.
2. If a market order or a limit order is entered in the order book which contains only market orders on the other side, the order will be filled at the reference price and the volume in which it is possible.
3. (a) if a market order is entered in the order book which contains market and limit orders on the other side; or
(b) if a limit order is entered in the order book which contains only market orders on the other side;
or
(c) if a limit order is entered in the order book which contains market and limit orders on the other side,

then the order entered will be filled against a market order, with the priority of order execution depending on the order price and time stamp; if market orders appear on the buy side of the order book, transactions will be made at the price which is equal or higher than the reference price (the highest possible order price); if market orders appear on the sell side of the order book, transactions will be made at the price which is lower or equal to the reference price (the lowest possible order price to be executed).

(7) Any market orders entered in the order book which have not yet been filled must be filled immediately in the following transaction, if possible. In doing so, the following principle must be applied in continuous trading:

1. Orders must be filled at the reference price, where it does not undermine the priority of order price and time stamp.
2. If orders cannot be filled at the reference price, order execution with their priority determined according to the price and time stamp will be ensured by determining the price above/below the

reference price (for buy/sell market orders which have not been filled), or else the price is determined according to the order book or to the price of the order entered.

5.3 Continuous Auctions

5.3.1 Types of Orders

Article 202

(1) In continuous auctions, the trading system supports the following types of orders:

1. limit order;
2. market order;
3. stop order;
 - a. stop market order;
 - b. stop limit order;
4. market maker quote:
 - a. standard quote;
 - b. matching quote – it ends the order entry phase;
 - c. price without turnover (PWT) – it serves to set the reference price;
 - d. indicative quote.

(2) In continuous auctions, the orders set forth in paragraph 1 of this article shall have the same characteristics as those set forth in Chapter 5.2.1 of these Rules, except where otherwise state in this chapter.

(3) Orders and stop orders may be entered in the trading system only as persistent orders, while a market maker quote is always non-persistent.

(4) In continuous auctions, orders may be subject to the limit of time validity only, while other limits are not applicable.

Stop Order

Article 203

(1) Stop orders in continuous auctions are activated on the basis of market maker quotes.

(2) A buy stop order is activated when the ask limit of the quote is equal to or higher than the price of activation.

(3) A stop loss order is activated when the bid limit of the quote is equal to or lower than the price of activation.

(4) On activation, stop orders are always assigned a new time stamp.

(5) Market and limit order entered in the order book as a result of a stop order activation are available for execution in the current auction and may be filled immediately.

Market Maker Quote

Article 204

- (1) The trading system enables market makers to enter market maker quotes.
- (2) The time limit of market maker quotes is until the end of the trading day on which the quote is entered.
- (3) The trading system supports the following market maker quotes:
 1. standard quote;
 2. matching quote – it ends the order entry phase;
 3. price without turnover (PWT) – it serves to set the reference price;
 4. indicative quote.

Standard Quote

Article 205

- (1) A standard quote may only be entered during the pre-trading phase and the pre-call phase.
- (2) The market maker must enter a standard quote.
- (3) The minimum volume in the standard quote may be equal to 0.

Matching Quote

Article 206

- (1) A matching quote may be entered during the pre-trading phase, the pre-call phase and the call phase to initiate transition from the pre-call phase to the call phase.
- (2) The market maker must enter a matching quote.
- (3) The minimum volume in the matching quote may be equal to 0.

Price Without Turnover

Article 207

- (1) A price without turnover may only be entered during the pre-call phase.
- (2) The market maker must enter bid and ask prices, where the volume on the buy and sell side must be equal to 0.
- (3) The reference price shall be determined in the following manner:
 - a) If a market maker's bid price is equal to the ask price, then the reference price will be equal to the market maker's bid price.
 - b) If a market maker's bid price is lower than the ask price, then the reference price will be equal to the market maker's bid price.
- (4) This quote will remain entered in the order book.

Indicative Quote

Article 208

- (1) An indicative quote may only be entered during the pre-call phase.
- (2) The market maker must enter bid and ask prices, where the volume on the buy and sell side may be equal to or higher than 0.

(3) Making an indicative quote does not oblige the market maker to conclude a transaction at the quoted price or volume.

(4) In the event of bid and ask quotes crossing where there is an indicative quote, the trading system will pass from the pre-call phase to the call phase, in which the market maker will be called to enter a matching quote.

(5) The indicative quote has the characteristics of a price without turnover, but the volume in an indicative quote may be equal to or higher than 0.

Mandatory Quote Elements

Article 209

(1) On the entry of a quote in the trading system, the following order elements are mandatory:

1. type of the quote,
2. bid price,
3. ask price,
4. ticker of the financial instrument,
5. buy volume of the financial instrument,
6. sell volume of the financial instrument,
7. account type.

(2) A quote which does not include the elements set forth in paragraph 1 of this article cannot be entered in the trading system.

5.3.2 Continuous Auctions

Article 210

Structured products are traded in continuous auctions.

Article 211

(1) The main trading session in continuous auctions takes place via auctions.

(2) Each of these auctions consists of a pre-call phase, an optional call phase and price determination.

5.3.2.1 Pre-Call Phase

Article 212

(1) During the pre-call phase, all member firms may enter new orders, modify and cancel existing orders. Similarly, the market maker may enter and cancel bid and ask market maker quotes.

(2) All members, including the market maker, may see up to 20 aggregated orders at most, depending on the selected service model, with the price of the last transaction also displayed.

(3) A transition from the pre-call phase to the call phase is possible where the market maker quote in the order book which has a defined price determination range; and

1. where there is a crossed order book within the market maker's price range, without resulting in partial order execution; or

2. where there is a crossed order book at the market maker's bid or ask prices, without resulting in partial order execution.
- (4) A transition from the pre-call phase to the call phase will occur:
1. where there is a crossed order book or a market order has been entered without the market maker bid or ask quotes; or
 2. where the volume of an order which may result in a transaction exceeds the volume in the market maker quote; or
 3. where the stop order activation price which is equal to the market maker's bid or ask price is reached.
- (5) If the order book of a particular structured product contains no orders, the structured product will remain in the pre-call phase throughout the main trading session.

5.3.2.2 Call Phase

Article 213

- (1) During the call phase, all members can enter new orders, modify and cancel existing orders, and the market maker may enter and cancel bid and ask quotes.
- (2) All members, including the market maker, may see up to 20 aggregated orders at most, depending on the selected service model. The price of the last transaction will also be displayed.
- (3) The call phase has no defined minimum duration, but its duration depends on the response time of the market maker and on the liquidity of a particular structured product.
- (4) The call phase has a predefined maximum duration and no variable ending, but it may end earlier if the market maker enters the bid and ask price before expiry of the maximum time.
- (5) A transition from the call phase to the price determination is possible where there is a market maker quote entered in the order book; and
 1. where the orders may be filled in whole; or
 2. if there is a crossed order book within the market maker's price range; or
 3. the maximum time of the call phase has expired.
- (6) A transition from the call phase to the pre-call phase will occur:
 1. where there is no crossed order book any longer because of a modification in the market maker bid and ask quotes; or
 2. where the market maker cancels a bid and ask quote during the call phase.

5.3.2.3 Price Determination

Article 214

Price determination will occur where, at the end of the pre-call phase or call phase, there is a crossed order book within the market maker's price range or if a transaction can be made at the market maker's bid or ask price.

Article 215

- (1) The auction price is always determined within the market maker's price range.
- (2) The auction price is determined according to the order book status at the end of the call phase, according to the modified principle of maximum volume closing described in paragraphs 3-6 of this article.
- (3) The auction price shall be equal to the price at which the maximum volume may be closed at the minimum surplus within the market maker's price range.
- (4) If there is more than one price at which the maximum volume may be closed with equal surplus within the market maker's price range, the surplus volume will also be taken into account:
 1. if the surplus for each of the possible prices lies within the market maker's bid price range (demand surplus), then the auction price will be equal to the highest price;
 2. if the surplus for each of the possible prices lies within the market maker's ask price range (supply surplus), then the auction price will be equal to the lowest price.
- (5) If the auction price cannot be determined based on the surplus, the midpoint price of possible price will be taken as an additional criterion. The situation described occurs where:
 1. there are several possible prices without surplus or
 2. there is an equal demand and supply surplus.In the latter case, the auction price will be equal to the midpoint of possible prices.
- (6) If the order book contains no order which may be filled within the price range, the auction price cannot be determined either.

5.4 Block Trades

Article 216

- (1) Financial instruments in a block trade may be those listed on the regulated market.
- (2) A block trade may be:
 1. a transaction concluded between two members of the Exchange or
 2. a transaction concluded by one member of the Exchange.

Article 217

- (1) Block trades may be done at prices which lie outside dynamic and/or static limits or extended volatility interruption limits.
- (2) The minimum fill size and other parameters of block trades in particular financial instruments shall be specified by the Exchange in a manual and published on its website.

Article 218

- (1) Block trades are done by an exchange of messages via the trading system.
- (2) A block trade may be done between the beginning of the pre-trading phase and the beginning of the post-trading phase.
- (3) Block trades cannot be done if trading in the financial instrument has been temporarily suspended.

5.5 OTC TRANSACTIONS

Article 219

Any transactions concluded by a member firm or other person defined by the CMA and other regulations outside the regulated market or MTF may be reported to the Exchange for the purpose of public disclosure.

Article 220

A member firm or other person referred to in Article 219 of these Rules which has an agreement with the Exchange for the provisions of OTC transaction reporting services shall disclose any OTC transactions via the Exchange.

Article 221

OTC transactions shall be reported to the Exchange at the time, in the manner and format to be specified by the Exchange.

Article 222

The person reporting an OTC transaction shall be responsible for the completeness, truth and accuracy of data concerning the OTC transaction.

Article 223

Under the circumstances it believes necessary for maintaining a fair and orderly market functioning and for protecting investor and public interest, the Exchange will cancel any OTC transaction report in the course of the same trading day on which it is made if one or more elements of such a report are erroneous.

Article 224

The person who reports an OTC transaction with one or more erroneous elements shall submit a request to the Exchange to cancel the report as soon as practicable, but not later than 5 (five) minutes after the close of trading.

Article 225

On receiving a request for report cancellation by the person who reported the OTC transaction, the Exchange will send notification via the trading system and its website to the effect that a particular OTC transaction report is erroneous and that it should be cancelled, where possible.

5.6 Short Selling

Article 226

Short selling is permitted only in respect of the financial instruments which the Member firm has borrowed at the time of the order entry or agreed to borrow for delivery on settlement.

Article 227

(1) On selling borrowed financial instruments or purchasing for the purpose of returning the loan, the member firm shall notify the Exchange of the transactions concluded.

(2) The manner and the time frame of notification referred to in paragraph 1 of this article shall be specified by the Exchange in a manual.

(3) A member firm which engages in market making is not required to notify the Exchange of the transactions made in the manner laid down in paragraph 2 of this article if done in the market making role.

Article 228

Once a month, the Exchange will publish on its website a cumulative short selling volume and turnover in respect of each financial instrument.

6. CLEARING AND/OR SETTLEMENT

Article 229

- (1) The clearing and/or settlement of individual and/or all transactions in financial instruments concluded on the regulated market shall be done according to the rules and instructions of the clearing and/or settlement system selected by the Exchange, in accordance with the provisions of the CMA and other regulations.
- (2) The choice of a system for the clearing and/or settlement of individual and/or all transactions concluded on the regulated market shall be notified by the Exchange to member firms and the public on its website immediately on receiving the Agency's approval.

Kill Switch at the Request of the Clearing System

Article 230

- (1) The Exchange may enable the use of a kill switch mechanism to the clearing system operated or managed by the central counterparty.
- (2) At the request of the clearing system operator and in the cases laid down in the clearing system rules, the Exchange will delete all orders of a member firm without delay and prevent the member firm from placing new orders.
- (3) The request referred to in paragraph 2 of this article must state the account number of the member firm's positions in the clearing system and the legal basis for the kill switch use laid down in the clearing system rules.
- (4) At the request of the clearing system operator to stop using the kill switch mechanism, the Exchange will enable the member firm to place new orders.
- (5) The request referred to in paragraph 4 of this article to stop using the kill switch mechanism must state the account number of the member firm's positions in the clearing system.
- (6) The use of the kill switch mechanism shall be notified by the Exchange without delay to other member firms and the Agency through the trading system.
- (7) Standards for the application of the kill switch mechanism shall be specified by the Exchange and disclosed to the public on its website.

7. CONFLICT OF INTEREST COMMITTEE

Article 231

The Conflict of Interest Committee is an advisory body of the Exchange.

Article 232

(1) The Exchange, Exchange shareholders, members firms and issuers, as well as members of the management or supervisory board and employees of these persons, must not place their private interest before the public interest of orderly regulated market operation.

(2) A conflict of interest exists when private interests of the persons referred to in paragraph 1 of this article are contrary to the public interest of orderly regulated market operation, in particular when private interests of such persons influence, may be deemed to influence or may affect their impartiality:

1. in performing the tasks related to the regulated market operation;
2. in relation to the persons who participate in trading on the regulated market; and
3. in due performance of Exchange obligations.

Competence of the Conflict of Interest Committee

Article 233

(1) The Conflict of Interest Committee shall have competence over:

1. initiating the procedure for determining the existence of a conflict of interest and issuing an opinion on whether a certain act or omission constitutes an infringement of Article 232(2) of these Rules; and
2. preparing recommendations and guidelines to effectively prevent conflict of interest.

(2) The procedure for determining the existence of a conflict of interest shall be initiated at the request of the Exchange or a member of the Conflict of Interest Committee.

Members of the Conflict of Interest Committee

Article 234

(1) The Conflict of Interest Committee consists of 5 (five) members, including:

1. a member of the Exchange Management Board;
2. a representative of Exchange shareholders;
3. a representative of Exchange members;
4. a representative of the issuers whose financial instruments are listed on the Official or Prime Market; and
5. a representative of professional investors.

(2) The persons referred to in paragraph 1(3) and (5) of this article shall be proposed by relevant professional associations at the Croatian Chamber of Economy, if any.

Appointment of Committee Members

Article 235

- (1) Members of the Conflict of Interest Committee shall be appointed by the Exchange for a term of 2 (two) years in the manner and according to the procedure laid down in these Rules.
- (2) Not later than 30 (thirty) days before the end of the mandate of Conflict of Interest Committee members, the Exchange will invite the proposers referred to in Article 234(2) of these Rules to propose candidates within 15 (fifteen) days from the date of invitation dispatch.
- (3) If proposers fail to submit their proposals within 15 (fifteen) days from the date of invitation dispatch, the Exchange will appoint members of the Conflict of Interest Committee autonomously.
- (4) The list of members of the Conflict of Interest Committee shall be published by the Exchange on its website, stating the grounds on which each member has been appointed.

End of Mandate of Committee Members

Article 236

- (1) The mandate of members of the Conflict of Interest Committee shall end:
 1. by death or under the circumstances preventing the Committee member from discharging his or her duties;
 2. by resignation;
 3. in the event of circumstances incompatible with the discharge of duties as member of the Conflict of Interest Committee (e.g. damage to the Exchange reputation, exclusion from membership in a professional association, inappropriate public statements of the member, etc.); or
 4. on expiry of the term for which the member has been appointed.
- (2) In the cases referred to in paragraph 1(1) through (3) of this article, the Exchange will appoint a new member to replace the member whose mandate has ended.
- (3) The mandate of a member appointed according to paragraph 2 of this article will run until the end of term of the member in whose place he or she has been appointed.

Decision Making

Article 237

- (1) The Conflict of Interest Committee shall decide in meetings by a majority of the votes cast by all members.
- (2) The Conflict of Interest Committee shall adopt:
 1. opinions – on the existence of a conflict of interest in respect of a particular person and circumstances;
 2. recommendations – on the procedure and measures relating to a person found to have a conflict of interest; and
 3. guidelines – for the purpose of effectively preventing conflicts of interest.
- (3) If the Conflict of Interest Committee fails to adopt an appropriate decision within 7 (seven) days from the submission of a request by the Exchange or by a Committee member, the Exchange will take action irrespective of the absence of such a decision.

(4) Opinions, recommendations and guidelines of the Conflict of Interest Committee shall be published on the Exchange website.

Exemption of Committee Member

Article 238

(1) Any member who has a conflict of interest in discharging duties as a Committee member shall, at his or her own request or at the request of another Committee member or the Exchange, be excused from participating in the activities of the Conflict of Interest Committee each time it decides on a matter which gives rise to such conflict of interest.

(2) The exemption of a member shall be decided by the Committee, with the member concerned having no right to participate in the adoption of an exemption decision.

Rules of Procedure

Article 239

Other issues related to the work of the Conflict of Interest Committee which have not been regulated by these Rules will be regulated by the Rules of Procedure to be adopted by the Exchange, subject to prior opinion of the Committee.

8. SURVEILLANCE

Article 240

(1) In order to preserve the integrity of the capital market and investor trust, within the scope of its competences laid down in the CMA, Regulation (EU) No 596/2014, other regulations and these Rules, the Exchange shall conduct surveillance of:

1. trading on the regulated market,
2. member firms, and
3. issuers.

(2) The provisions of Title 8 of these Rules relating to the issuer shall apply *mutatis mutandis* to the open-end investment fund management company.

8.1 SURVEILLANCE OF TRADING

Article 241

The Exchange shall conduct surveillance of trading on the regulated market and of all financial instruments.

Article 242

(1) The Exchange shall undertake surveillance of trading by:

1. monitoring and analysing order entry and conclusion of regulated market transactions in all financial instruments through the trading system;
2. monitoring and analysing other data and information which may be relevant to the creation of deals and the terms under which they are done;
3. temporary trading suspensions when it becomes evident that trading can no longer be done on equal terms or that is not founded on disclosed information;
4. monitoring and analysing requests for trade cancellation;
5. monitoring and analysing the initiation of volatility interruptions;
6. taking action to prevent and detect market abuse, in accordance with these Rules and any procedures laid down in these Rules, in the provisions of the CMA, Regulation (EU) No 596/2014 and other regulations.

(2) Trading surveillance shall be done by using a computer surveillance system, which systematically collects and evaluates trading data and facilitates the necessary investigative action.

8.1.1 Rules and Procedures to Prevent and Detect Market Abuse

Article 243

In order to control whether on-Exchange trading is conducted in a fair and orderly manner and to detect any potential action indicative of market abuse, the Exchange shall implement measures and procedures aimed at:

1. detecting market abuse laid down in Chapter 2 of Title 8, Part 1 of these Rules; and
2. detecting market abuse laid down in Chapter 3 of Title 8, Part 1 of these Rules.

Article 244

The provisions of these Rules shall apply to the members of the Exchange in the course of surveillance of their actions while:

1. entering, modifying and cancelling orders; and
2. executing the transactions concluded by member firms through the trading system for their own account or for the account of their clients.

8.1.2 Exchange Measures and Procedures to Prevent Market Abuse

Article 245

The measures and procedures undertaken by the Exchange to prevent market abuse shall be in particular:

1. systematic collection and evaluation of trading data and other information;
2. establishing an appropriate investor information system and mechanisms to protect trading in order to ensure fair, orderly and efficient trading;
3. placing financial instruments and issuers in an observation segment;
4. temporary trading suspension of a financial instrument; and
5. education of capital market participants on the subject of market abuse.

8.1.2.1 Observation Segment

Article 246

(1) The Exchange may temporarily place a share or another financial instrument in an 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.

(2) Any financial instrument and/or issuer finding itself in certain specific circumstances requiring disclosure to investors may be the subject of surveillance.

(3) Any financial instrument and/or issuer may temporarily be placed in an observation segment:

1. if the issuer is undergoing a takeover bid or if the bidder has disclosed its intention to publish a takeover bid for the issuer;
2. if the issuer is undergoing a status change in accordance with the CA or regulations governing the establishment and operation of companies;
3. if the issuer is undergoing a restructuring or if it is subject to bankruptcy or liquidation proceedings, including significant enforced debt collection proceedings, and account blockage being initiated against the issuer;
4. if the issuer is not capable of servicing its liabilities in respect of a financial instrument;
5. if significant resolutions of the issuer's management or supervisory board or of the annual general meeting are pending;
6. if decisions of the Government and other public authorities relating to the issuer, which may have a major impact on the price of the financial instrument, are pending;
7. in case of unconfirmed market rumours which may have a major impact on the price of the financial instrument; or

8. if there are any other circumstances which may result in major uncertainty with regard to the issuer or pricing of the financial instrument.

(4) A list of financial instruments and/or issuers placed in the observation segment shall be disclosed by the Exchange on its website, stating the grounds for it.

(5) The issuer may submit a written request to the Exchange seeking to have its placement in the observation segment terminated. The request must be properly justified.

8.1.2.2 Response to Volatility Interruption

Article 247

(1) A decision on whether to seek a response with regard to the volatility interruption triggering shall be made by the Exchange.

(2) Where the volatility interruption is triggered by a share price change more than twice consecutively on the same trading day, the Exchange will seek a response from the issuer and/or member firm and, if necessary, initiate other procedures related to the surveillance of the issuer, trading and member firms.

(3) By way of derogation from paragraph 2 of this article, where a volatility interruption mechanism is triggered in respect of the shares listed on the Official or Prime Market exceeded, the Exchange will seek the issuer's response after the first volatility interruption of the trading day, except in case of a manifest error.

(4) The provisions of this article shall not apply if the financial instrument is listed on the regulated market without approval of the issuer.

8.1.2.3 Temporary Trading Suspension of Financial Instruments

Article 248

(1) The Exchange shall temporarily suspend trading in a financial instrument:

1. under a decision of the Agency or other competent authority;
2. where necessary for the purpose of a particular change being implemented in respect of the financial instrument by the central depository or central register and/or clearing and/or settlement system;
3. in the cases laid down by a regulation which governs the rehabilitation of credit institutions and investment companies; and
4. in other cases, where so required for the purpose of investor protection.

(2) In the case referred to in paragraph 1(4) of this article, a temporary suspension of trading in the financial instrument may not exceed 10 (ten) trading days.

Article 249

(1) Without prejudice to the cases set forth in Article 248 of these Rules, the Exchange may also suspend trading in the shares:

1. if it receives notification of the intention to publish a takeover bid and/or in the event of a takeover bid for the target company, where the shares are traded in continuous trading;
2. if the issuer notifies the Exchange of filing a motion to have pre-bankruptcy proceedings, bankruptcy or liquidation proceedings initiated, where the shares are traded in continuous trading;

3. for non-compliance by the issuer with the provisions of these Rules in the section which refers to its post-listing requirements.

(2) In the case referred to in paragraph 1(1) of this article, the Exchange will suspend trading in the shares on receiving notification from the issuer and/or bidder, within the meaning of the regulations which govern company takeovers.

(3) In the case referred to in paragraph 1(2) of this article, the Exchange will suspend trading in the shares on receiving notification from the issuer about the pre-bankruptcy proceedings, bankruptcy or liquidation proceedings being initiated.

(4) In the case referred to paragraph 1(1) through (3) of this article, a temporary suspension of trading in the shares may not exceed 10 (ten) trading days.

Article 250

(1) Without prejudice to the cases set forth in Article 248 of these Rules, the Exchange may also suspend trading in bonds and/or money market instruments:

1. if the issuer is not capable of servicing its obligations in respect of a financial instrument (e.g. interest payment, redemption on maturity, etc.);

2. if the issuer notifies the Exchange of filing a motion to have pre-bankruptcy proceedings, bankruptcy or liquidation proceedings initiated;

3. for non-compliance by the issuer with the provisions of these Rules in the section which refers to its post-listing requirements.

(2) In the case referred to in paragraph 1(1) of this article, the Exchange will suspend trading in bonds or money market instruments on receiving notification from the issuer or clearing and/or settlement system about these circumstances.

(3) In the case referred to in paragraph 1(1 through 3) of this article, a temporary suspension of trading in bonds/money market instruments may not exceed 10 (ten) trading days.

Article 251

(1) Without prejudices to the cases set forth to in Article 248 of these Rules, the Exchange may also suspend trading in a structured product:

1. if the issuer notifies the Exchange that the price of the underlying instrument has reached the barrier of the structured product;

2. due to a trading suspension of the underlying instrument, at the request of the issuer of the structured product;

3. where the regulated market or the Exchange on which the underlying instrument is listed have a holiday, at the request of the issuer of the structured product;

4. in the event of early maturity of the structured product, at the request of the issuer of the structured product.

(2) In the case referred to in paragraph 1(1) of this article, the Exchange will suspend trading in the structured product on receiving notification from the issuer of the price of the underlying instrument reaching the barrier of the structured product.

(3) In the case referred to in paragraph 1(2) of this article, the Exchange will suspend trading in the structured product on receiving notification from the issuer of the trading suspension of the underlying product. Trading in the structured product will resume after the Exchange receives notification from the issuer to the effect that the trading suspension of the underlying product has been lifted.

(4) In the case referred to in paragraph 1(3) of this article, the Exchange will suspend trading in the structured product on receiving notification from the issuer of the holiday of the regulated market or Exchange on which the underlying instrument is listed; The issuer of the structured product shall submit a request to the Exchange seeking a temporary trading suspension not later than 5 (five) trading days before the day of the requested temporary suspension of trading in the structured product.

(5) In the case referred to in paragraph 1(4) of this article, the Exchange will suspend trading in the structured product on receiving notification from the issuer of the early maturity of the structured product.

Article 252

(1) Without prejudice to the cases set forth in Article 248 of these Rules, the Exchange may suspend trading in open-end investment fund units:

1. if the management company is unable to calculate and disclose the indicative net asset value (iNAV) of the fund per unit longer than 30 (thirty) minutes;
2. in case the calculation of the index being replicated by the ETF is suspended.

(2) In the case referred to in paragraph 1(1) of this article, the Exchange will suspend trading in open-end investment fund units based on a properly justified request of the management company.

(3) In the case referred to in paragraph 1(2) of this article, the Exchange shall suspend trading in open-end investment fund units based on a properly justified request of the management company or market maker, provided that the Exchange is not the provider of the index concerned.

Article 253

In the cases referred to in Article 248(1)(4), Articles 249 and 250, Article 251(1)(2-3), and Article 252 of these Rules, the Exchange will not suspend trading if there is a likelihood that such suspension might substantially compromise investor interests or orderly market functioning.

8.1.3 Exchange Measures and Procedures to Detect Market abuse

Article 254

The measures and procedures undertaken by the Exchange to detect market abuse shall be in particular:

1. monitoring trends and detecting major deviations in the movement of prices or turnover of particular 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 analysing price formation in certain phases of trading in particular financial instruments;
4. monitoring the implementation of the trade cancellation procedure;

5. monitoring the correlation between media reports or disclosure by the issuers of financial instruments and turnover and price movements prior to and after disclosure;
6. conducting surveillance of Exchange members.

Assessment Principles on Suspicion of Market Abuse

Article 255

In assessing whether an activity of the member firm or another market participant is such as to give rise to a suspicion of market abuse, in addition to the circumstances laid down by the provisions of the CMA, Regulation (EU) No 596/2014 and other regulations adopted by the Agency, the Exchange shall take into account in particular:

1. whether the activity has an impact on triggering of the volatility interruption mechanism, on market liquidity and efficiency;
2. whether the activity enables a timely and appropriate reaction by all market participants to new market conditions, created by such activity;
3. whether such a person poses a risk to market integrity through its activity;
4. structural characteristics of the market, financial instrument type, characteristics of participants in that market;
5. relevant changes to the market environment, including but not limited to the rules of trading; and
6. opinions and recommendations of the Agency relating to the prevention and detection of market abuse.

8.1.3.1 Procedure with Unusual Orders, Transactions or Member Activities Indicative of Market Abuse

Article 256

In the event of identifying unusual orders, transactions or activities indicative of the possibility of market abuse, depending on the circumstances of each particular case, the Exchange may:

1. seek a response of the issuer, if necessary;
2. seek a response of the member firm, if necessary;
3. request submission by the member firm of data from order and/or transaction records and other documentation;
4. analyse historical data related to orders and transactions; and
5. submit the case analysis with its opinion and documentation to the Agency.

Exchange Powers in a Surveillance Procedure

Article 257

In order to preserve market integrity, protect investors and ensure fair and orderly market activities, in the event that an order is entered or a transaction concluded in the manner which may give rise to the effects contrary to the provisions of the CMA, Regulation (EU) No 596/2014 and other regulations or these Rules, the Exchange has the right in conducting surveillance to:

1. order the member firm to retract the order;
2. delete the order;
3. cancel the transaction;

4. inspect the records and documents of the member firm which the Exchange deems necessary for conducting surveillance; and
5. impose a market protection measure on the member firm, in accordance with these Rules.

8.1.3.2 Trade Cancellation

Article 258

- (1) The Exchange shall cancel a transaction pursuant to a decision of the Agency, court or other public authority.
- (2) For the purpose of ensuring fair, orderly and efficient market functioning and protect investors, the Exchange has the right to cancel a transaction concluded on the regulated market if it may give a distorted view of the market with respect to the price and volume of financial instruments or if the transaction concluded is a result of a manifest error in entering order parameters in the trading system.
- (3) The Exchange may also cancel a transaction at the request of a member firm.
- (4) The Exchange shall not cancel a transaction resulting from an auction.
- (5) Trade cancellation does not preclude any obligations of member firms arising from the transaction with regard to the Exchange.

8.1.3.2.1 Erroneous Order Parameter Entry

Article 259

- (1) Under the circumstances it deems necessary for maintaining a fair, orderly and efficient market functioning and for investor protection, the Exchange has the right to cancel a transaction if one or more order parameters based on which the transaction was concluded are wrong:
 1. ticker of the financial instrument;
 2. volume of the financial instrument;
 3. price of the financial instrument;
 4. entry of a sell order instead of a buy order and vice versa;
 5. other operational errors in the execution of orders.
- (2) In assessing the circumstances referred to in paragraph 1 of this article, the Exchange will take into account current market circumstances, trading activity, volatility, transaction value and other parameters affecting the valuation of the financial instrument.
- (3) The Exchange will not cancel a transaction resulting from an erroneous entry of the order price if the transaction does not differ substantially from the prevailing price of the financial instrument prior to the time of transaction conclusion.

8.1.3.2.2 Special Provisions for Structured Products

Article 260

- (1) With regard to structured financial products, the price at which a transaction is concluded will be deemed to differ substantially from the prevailing market price:
 1. where the difference exceeds 10 % in respect of turbo certificates (leveraged certificates) and warrants, or if the transaction is concluded at a price lower than HRK 5.00 and the difference exceeds HRK 0.50; and

2. where the difference exceeds 3 % in respect of other types of certificates, or if the transaction is concluded at a price lower than HRK 5.00 and the difference exceeds HRK 0.15.

(2) The prevailing market price at the time of transaction conclusion will be determined by the Exchange through the theoretical price calculation to be provided by the market maker, based on the structured product price valuation model, taking into account the price of the underlying instrument and the type and characteristics of the structured product.

8.1.3.2.3 Trade Cancellation Procedure

Article 261

(1) A trade cancellation request shall be submitted by a member firm on a form of the content to be specified by the Exchange.

(2) The request referred to in paragraph 1 of this article shall be submitted by the member firm to the Exchange within 30 (thirty) minutes from transaction conclusion or not later than 5 (five) minutes after the main trading session closes.

Article 262

(1) On detecting the need for trade cancellation or receiving a trade cancellation request from a member firm, the Exchange will send out notification through the trading system and its website to the effect that a particular transaction is being verified, which means that it may be cancelled.

(2) On completing the verification, the Exchange will send out notification through the trading system and its website saying that a particular transaction has been cancelled or that the transaction is valid.

8.2 SUPERVISION OF MEMBER FIRMS

Article 263

(1) Supervision of member firms refers to the monitoring of compliance of the member firms with their obligations laid down in these Rules and to the detection of infringements of the following provisions of these Rules:

1. rules of trading;
2. rules to prevent and detect market abuse; and
3. compliance with membership and market making criteria.

(2) The persons authorised by the Exchange in writing shall have the right to undertake supervision of a member firm by inspecting any business accounts and records kept by the member firm in relation to its business operations.

(3) Member firms shall provide access of the persons authorised by the Exchange to their business premises, accounts, records and other documents which may be necessary for undertaking supervision.

(4) The Exchange shall notify the member firm of the supervision referred to in paragraph 3 of this article at least 1 (one) day prior to its commencement.

(5) Any information and data collected by the persons referred to in paragraph 2 of this article in the course of supervision, with the exception of any data concerning proven irregularities which have been confirmed by the Exchange, constitute confidential information not to be disclosed by the Exchange to third persons.

(6) The provision of paragraph 5 of this article shall not apply to the provision of information of the Agency or other competent state authorities.

8.3 SUPERVISION OF ISSUERS

Article 264

(1) The Exchange shall conduct supervision of issuers and any financial instruments listed on the regulated market to determine whether an issuer or financial instrument meet the criteria for listing on the regulated market and/or whether the issuer complies with its post-listing requirements laid down in these Rules, in particular its disclosure obligation with regard to:

1. financial statements within the time frame laid down in the CMA;
2. notices of the AGM date and any resolutions adopted by it within the time frame laid down in these Rules;
3. information on corporate actions; and
4. other price sensitive information.

(2) In conducting supervision referred to in paragraph 1 of this article, in view of the circumstances of each particular case, the Exchange shall undertake the following actions and activities:

1. monitor notifications sent by the central depository or central register and/or clearing and/or settlement system relating to any corporate actions and status changes of the issuer, or changes in the circumstances which may affect the issuer's status or the status or characteristics and the exercise of rights attaching to the financial instrument;
2. monitor certain daily newspapers and periodicals, as well as the official journal of the Republic of Croatia;
3. monitor the disclosure of information in the media, as well the information made available to the public by the issuers through the Exchange;
4. seek issuer response on the circumstances or facts relating to the issuer or to the financial instrument and which are price sensitive;
5. undertake other actions and activities in accordance with these Rules.

9. COMMITTEE FOR MARKET PROTECTION MEASURES

Article 265

The Committee for Market Protection Measures is an advisory body of the Exchange.

Competence of the Committee for Market Protection Measures

Article 266

(1) The competence of the Committee for Market Protection Measures shall include:

1. proposing the initiation of supervision of issuers or member firms;
2. issuing opinions on whether a particular action of issuers or member firms constitutes a violation of these Rules;
3. issuing recommendations to impose market protection measures against issuers or member firms; and
4. preparing guidelines to improve supervision of issuers or member firms and the very system of market protection measures.

(2) The Committee for Market Protection Measures shall discuss and decide on the issues within its competence at the request of the Exchange.

Members of the Committee for Market Protection Measures

Article 267

(1) Members of the Committee for Market Protection Measures shall have appropriate professional knowledge in the field of economy, law and finance, and the majority of the Committee members shall have professional expertise in the field of capital markets.

(2) The Committee for Market Protection Measures shall consist of 7 (seven) members, including:

1. a member of the Exchange Management Board;
2. a representative of the academic community in teaching and research at the Faculty of Economics and Business;
3. a representative of the academic community in teaching and research at the Faculty of Law;
4. a representative from the ranks of arbitrators listed with the Permanent Arbitration Court of the Croatian Chamber of the Economy;
5. a representative of Exchange members;
6. a representative of the issuers whose financial instruments are listed on the Official or Prime Market;
7. a representative of professional investors.

(3) The persons set forth in paragraph 2(5) and (7) of this article shall be proposed by the relevant professional associations with the Croatian Chamber of the Economy, if any.

Appointment of Committee Members

Article 268

(1) The members of the Committee for Market Protection Measures shall be appointed by the Exchange for a term of 3 (three) years in the manner and according to the procedure laid down in these Rules.

(2) Not later than 30 (thirty) days before the end of the mandate of the Committee members, the Exchange will invite the proposers referred to in article 267(2) of these Rules to propose candidates within 15 (fifteen) days from the date of invitation dispatch.

(3) If proposers fail to submit their proposals within 15 (fifteen) days from the date of invitation dispatch, the Exchange will appoint members of the Committee for Market Protection Measures autonomously.

(4) The list of the Committee for Market Protection Measures members shall be published by the Exchange on its website, stating the grounds on which each member has been appointed.

End of Mandate of Committee Members

Article 269

(1) The mandate of the Committee for Market Protection Measures members shall end:

1. by death or under the circumstances preventing the Committee member from discharging his or her duties;
2. by resignation;
3. in the event of circumstances incompatible with the discharge of duties as member of the Committee for Market Protection Measures (e.g. damage to the Exchange reputation, exclusion from membership in a professional association, inappropriate public statements of the member, etc.); or
4. on expiry of the term for which the member has been appointed.

(2) In the cases referred to in paragraph 1(1) through (3) of this article, the Exchange will appoint a new member to replace the member whose mandate has ended.

(3) The mandate of a member appointed according to paragraph 2 of this article will run until the end of term of the member in whose place he or she has been appointed.

Decision Making

Article 270

(1) The Committee for Market Protection Measures shall decide in meetings by a majority of the votes, provided that the majority of all members is in attendance.

(2) The Committee for Market Protection Measures shall adopt:

1. opinions – on whether a particular action of the issuer or member firm constitutes a violation of these Rules;
2. recommendations – for the implementation of market protection measures where the issuer or member firm is found to be in violation of these Rules; and
3. guidelines – to improve the market surveillance of issuers and member firms, and the very system of market protection measures.

(3) In the event that the Committee for Market Protection Measures fails to adopt an appropriate decision within 7 (seven) days from submission of a request by the Exchange or a Committee member, the Exchange will take action irrespective of the absence of such a decision.

Exemption of Committee Member

Article 271

(1) Any member who has a conflict of interest in discharging duties as a Committee member shall, at his or her own request or at the request of another Committee member or the Exchange, be excused from participating in the activities of the Committee for Market Protection Measures each time it decides on a matter which gives rise to such conflict of interest.

(2) The exemption of a member shall be decided by the Committee, with the member concerned having no right to participate in the adoption of an exemption decision.

Rules of Procedure

Article 272

Other issues related to the work of the Committee for Market Protection Measures which have not been regulated by these Rules will be regulated by the Rules of Procedure to be adopted by the Exchange, subject to prior opinion of the Committee.

10. MARKET PROTECTION MEASURES

Article 273

The Exchange may impose a market protection measure on a member firm or an issuer for violation of the provisions of these Rules and/or other acts of the Exchange.

10.1 MEASURES IMPOSED ON MEMBER FIRMS

Article 274

Market protection measures to be imposed by the Exchange on a member firm shall be the following:

1. non-public warning,
2. public warning,
3. fine,
4. suspension of membership,
5. exclusion from membership.

10.2 MEASURES IMPOSED ON ISSUERS

Article 275

Market protection measures to be imposed by the Exchange on an issuer shall be the following:

1. non-public warning,
2. public warning,
3. fine,
4. delisting.

10.3 TYPES OF SANCTIONS

10.3.1 Non-Public Warning

Article 276

(1) Non-public warning shall be pronounced for a minor violation by the issuer or the member firm of the provisions of these Rules and other Exchange acts.

(2) Non-public warning shall be pronounced in writing.

10.3.2 Public Warning

Article 277

(1) Public warning shall be pronounced for grave or repeated violations by the issuer or the member firm of the provisions of these Rules and other Exchange acts in the same calendar year.

(2) The Exchange may also pronounce a public warning if it believes that a non-public warning would not be sufficient to affect the conduct of the respective member firm or issuer, or where it finds are justified reasons in view of the significance of the violation to inform the public of the market protection measure imposed.

(3) Public warning shall be pronounced in writing.

(4) Public warning shall be published on the Exchange website.

10.3.3 Fine

Article 278

- (1) A fine may be imposed as an ancillary or a principal sanction.
- (2) A fine shall be imposed as an ancillary sanction along with a non-public or a public warning.
- (3) A fine shall be imposed as the principal sanction for grave or particularly grave violations by the issuer or the member firm of the provisions of these Rules and other Exchange acts.
- (4) A fine shall amount to:
 - up to HRK 100,000.00, when imposed as an ancillary sanction;
 - up to HRK 250,000.00, when imposed as the principal sanction for grave or repeated violations by the member firm or the issuer of the provisions of these Rules and other Exchange acts;
 - up to HRK 500,000.00, when imposed as the principal sanction for particularly grave violations by the member firm or the issuer of the provisions of these Rules and other Exchange acts.
- (5) In determining the amount of the fine, the Exchange shall also take into account the size and financial strength of the member firm or the issuer.

10.3.4 Suspension and Exclusion from Membership

Article 279

The measure of suspension or exclusion from membership shall be imposed in the cases laid down in Article 47 of these Rules.

10.3.5 Delisting

Article 280

Delisting as a market protection measure shall be imposed in the cases when an issuer or a financial instrument no longer meet the criteria for listing on the respective market and/or for non-compliance of the issuer with its post-listing requirements, laid down in these Rules and other Exchange acts.

10.4 DETERMINING SANCTION TYPE AND AMOUNT

Article 281

- (1) In deciding on the market protection measures to be imposed on a member firm or an issuer, the Exchange will take into account all circumstances of the case, any prior violations of the Rules and other acts of the Exchange committed by the member firm or the issuer, as well as the opinion or recommendation of the Committee for Market Protection Measures.
- (2) In deciding on the gravity of a violation of the Rules and other Exchange acts, extenuating circumstances shall be deemed to include in particular:
 1. evidence of discontinued conduct in violation of the Rules and other acts of the Exchange submitted by the member firm of the issuer, immediately after learning about the sanction procedure or before it is initiated; and
 2. cooperation on eliminating possible consequences of any violation of the Rules and other acts of the Exchange, on the member firm's or issuer's own initiative, immediately on detecting a circumstance which is deemed to constitute a violation of the Rules and other acts of the Exchange.

(3) In deciding on the gravity of a violation of the Rules and other Exchange acts, aggravating circumstances shall be deemed to include in particular:

1. continued conduct of the member firm or the issuer in further violation of the Rules and other acts of the Exchange, even after receiving a prior Exchange resolution finding such conduct of the member firm or issuer to be in violation the Rules and other acts of the Exchange;
2. similar repeated conduct of the member firm or the issuer in further violation of the Rules and other acts of the Exchange, even after receiving a prior Exchange resolution finding such conduct of the member firm or issuer to be in violation of the Rules and other acts of the Exchange;
3. refusal of the member firm or the issuer to cooperate with the Exchange in the procedure;
4. obstruction of the Exchange work in the course of the procedure, including the provision of false, misleading or incomplete information;
5. role in initiating or enticing other member firms or issuers to violate the Rules and other acts of the Exchange, and any action and activities undertaken in order to ensure the participation of other member firms or issuers in the violation of these Rules and other Exchange acts.

Procedure to Establish Facts

Article 282

(1) The Exchange shall allow the member firm or the issuer to provide its response on any facts and circumstances relevant for resolving the issue, except where the true state of affairs may be determined from the facts and data available to the Exchange, where the response of the member firm or the issuer is not possible or for other legitimate reasons.

(2) In order to establish the facts and circumstances which are relevant for determining the true state of affairs, the Exchange may:

1. hear members of the management, procurators and other employees of the member firm who, in the opinion of the Exchange, may have necessary knowledge of the facts, documents, data or other evidence relevant for explaining the true state of affairs;
2. conduct on-site supervision of the member firm, in accordance with Article 263 of these Rules.

(3) The member firm or the issuer shall answer any questions and, at the request of the Exchange, submit any documents, data and other evidence relevant for explaining the true state of affairs.

(4) Any act by the member firm or issuer contrary to the provision of paragraph 3 of this article shall be deemed to constitute a particularly grave violation of the provisions of these Rules.

10.4.1 Opinion and Recommendation of the Committee for Market Protection Measures

Article 283

On establishing the facts and circumstances relevant for determining the true state of affairs, the Exchange shall request the opinion or recommendation of the Committee for Market Protection Measures on the case in question, except where the Committee has already deliberated on a factually equivalent or similar matter.

11. DISPUTES

Article 284

The Exchange and the member firm or the issuer or another person which concludes an agreement with the Exchange shall attempt to resolve any disputes which may arise from or in connection with these Rules, as well as the legal effects resulting from them, amicably in the spirit of best business practices. In the event of failure to reach an agreement, dispute resolution shall be referred to the competent court in Zagreb.

12. TRANSITIONAL AND FINAL PROVISIONS

Amendments to the Rules

Article 285

- (1) Any amendments to these Rules shall be adopted by the Exchange Management Board.
- (2) Amendments to the Rules shall enter into force on the day specified in an Exchange resolution, subject to prior approval by the Agency.

Interpretation of Individual Provisions of the Rules

Article 286

- (1) Authoritative interpretation of the provisions of these Rules shall be provided by the Exchange.
- (2) A request for an authoritative interpretation of the provisions of these Rules shall be submitted to the Exchange in writing, indicating the provision concerned and stating the grounds for interpretation.
- (3) The Exchange is authorised to request additional clarifications from the person submitting the request.
- (4) The Exchange shall issue the interpretation in writing within 30 (thirty) days from the submission of the request referred to in paragraph 2 of this article.
- (5) The authoritative interpretation shall have legal effect from the date of the entry into force of the provision of the Rules in respect of which it is provided.

Article 287

The Exchange may derogate from the application of any provision of these Rules if necessary in a particular case in order to prevent damage from occurring or to protect investor or Exchange interests or prevent unlawful conduct or for the purpose of its harmonisation with the law or other regulation. The Exchange shall notify the Agency of any action undertaken under this article.

Entry into Force

Article 288

- (1) These Rules shall enter into force on 7 July 2017, after the Agency has issued a decision approving these Rules.
- (2) Any manuals and other acts necessary for the implementation of these Rules shall be adopted by the Exchange not later than 30 (thirty) days of the entry into force of the Rules. Until said acts are adopted,

the manuals and other acts adopted pursuant to the Rules referred to in paragraph 5 of this article shall apply *mutatis mutandis*, provided that they are not contrary to the provisions of these Rules.

(3) Any procedures initiated prior to the entry into force of these Rules shall be completed under the provisions of the Rules referred to in paragraph 7 of this article.

(4) From the date of the entry into force of these Rules, any specialist contracts concluded by that date shall be deemed to be market making contracts in respect of shares, in accordance with these Rules; they shall be subject to the provisions of these Rules and other Exchange acts regulating the rights and obligations of market makers in shares.

(5) The initial determination of the elements of iceberg orders (minimum overall volume and peak size), in accordance with Article 175(9) of these Rules, shall be done based on the closing price on 31 May 2017. The next determination of the elements of iceberg orders shall be done after the end of the third quarter of 2017 based on the closing price on 29 September 2017.

(6) By way of derogation from Articles 192(1) and 193(1) of these Rules, the Exchange shall classify and publish a list of shares for auction trading on 14 July 2017. Auction trading shall commence on 17 July 2017.

(7) On the date of the entry into force of these Rules, the Rules approved by Decision of the Agency of 13 May 2016 (Class: UP/I-975-02/15-01/02, Ref. No 326-01-770-772-16-8) and the Decision on trading hours and particular types of trading of 16 May 2016 (Code OU/2016-68) shall cease to have effect.