



# EXCHANGE RULES

**UNOFFICIAL CONSOLIDATED TEXT<sup>1</sup>**

Zagreb, January 2026

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<sup>1</sup> The Zagreb Stock Exchange, Inc. has prepared unofficial text of the Exchange Rules. This document was created for the sole purpose of supporting material in the daily work of obliged person applying the same Exchange Rules list and does not represent an official document and therefore cannot be a reference to the provisions of the unofficial text of the Exchange Rules. The consolidated unofficial text includes the Exchange Rules as of 20.11.2019., the Amendments to the Exchange Rules as of 24.09.2021., 18.10.2022., 13.06.2024., 20.10.2025. and 20.11.2025.

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Pursuant to the provision of Article 305 of the Capital Market Act (Official Gazette NN No 65/2018), at its 248<sup>th</sup> meeting held on 20 November 2019, 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 to membership as well as the requirement of settlement of on-Exchange transactions,
  - (c) rights and obligations of member firms,
  - (d) suspension and exclusion from membership;
3. types and methods of trading, including the provisions on clearing and/or settlement systems, which may be used by member firms to settle any transactions concluded;
4. dissemination of trading data;
5. financial instruments which may be traded on the regulated market managed by the Exchange, including the provisions on:
  - (a) criteria for admission of financial instruments to trading on the regulated market,
  - (b) obligations to disclose regulated information,
  - (c) temporary suspension of trading,
  - (d) removal of financial instruments from trading;
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 these Rules or adopted by the Exchange within the scope of its powers, and with other regulations governing the matter to which these Rules relate.

## Objectives and Principles

### Article 2

The following objectives and principles need to take into account in the interpretation and application of the provisions of these Rules:

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

## Definitions

### Article 3

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

1. actively managed ETF – a UCITS Exchange Traded Fund (ETF), in which the management company exercises discretionary powers with regard to the composition of portfolio which depend on the investment goals and policies;
2. algorithmic trading shall be trading in financial instruments as defined in point 2 of Article 3 of the CMA;
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 and other acts of the Exchange;
4. Exchange – the Zagreb Stock Exchange, Inc.;
- 4.a Closing auction price' means the price achieved in the closing auction;
5. Price List – the applicable Price List of the Zagreb Stock Exchange, Inc.;
6. 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;
7. Cross Request functionality – used to announce a prearranged transaction between two members or by one member of the Exchange in the continuous trading modality. A Cross Request notice is published to all Exchange members through the trading system;
8. member firm – a person which concludes an agreement with the Exchange for membership of the Zagreb Stock Exchange, Inc.;



9. Delegated Regulation (EU) 2016/522 – Commission Delegated Regulation (EU) 2016/522 of 17 December 2015 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council as regards an exemption for certain third countries public bodies and central banks, the indicators of market manipulation, the disclosure thresholds, the competent authority for notifications of delays, the permission for trading during closed periods and types of notifiable managers' transactions;
10. Regulation (EU) No 2016/1052 – Commission Delegated Regulation (EU) 2016/1052 of 8 March supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures;
11. Delegated Regulation (EU) No 2017/565 – Commission Delegated Regulation (EU) No 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive;
12. Delegated Regulation (EU) No 2017/566 – Delegated Commission Regulation (EU) 2017/566 of 18 May 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards for the ratio of unexecuted orders to transactions in order to prevent disorderly trading;
13. Delegated Regulation (EU) No 2107/568 – Commission Delegated Regulation (EU) 2017/568 of 24 May 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the admission of financial instruments to trading on regulated markets;
14. Delegated Regulation (EU) No 2017/578 – Delegated Commission Regulation (EU) 2017/578 of 13 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards specifying the requirements on market making agreements and schemes;
15. Delegated Regulation (EU) No 2017/580 – Commission Delegated Regulation (EU) 2017/580 of 24 June 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the maintenance of relevant data relating to orders in financial instruments;
16. Delegated Regulation (EU) No 2017/584 – Commission Delegated Regulation (EU) 2017/584 of 14 July 2016 supplementing Directive (EU) 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying organisational requirements of trading venues;
17. Delegated Regulation (EU) No 2017/585 – Delegated Commission Regulation (EU) No 2017/585 of 14 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the data standards and formats for financial instrument reference data and technical measures in relation to arrangements to be made by the European Securities and Markets Authority and competent authorities;

18. Delegated Regulation (EU) No 2017/589 – Commission Delegated Regulation (EU) No 2017/589 of 19 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the organisational requirements of investment firms engaged in algorithmic trading;
19. Delegated Regulation (EU) No 2107/588 – Commission Delegated Regulation (EU) 2017/588 of 14 July 2016 supplementing Directive (EU) 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards on the tick size regime for shares, depositary receipts and exchange-traded funds;
20. management company shall be a management company as defined in point 11 of Article 3 of the CMA;
21. host Member State – a Member State other than the home Member State;
22. Member State – a Member State of the European Union and signatory state of the Agreement on the European Economic Area;
23. debt securities – securities specified in the manner laid down by the provisions of the CMA;
24. ex date – the first day of trading in shares with no right to payment in cash and/or securities (settlement cycle -1 (minus one) business day of the central depository from the record date);
25. financial instruments – financial instruments laid down in sub-points (a) through (c) of Article 3(24) of the CMA;
26. fund replicating a specific index – a UCITS ETF with a strategy which replicates or tracks the performance of one or more indices;
27. exchange-traded fund or ETF shall be a fund as defined in point 25 of Article 3 of the CMA;
28. HANFA shall be the Croatian Financial Services Supervisory Agency whose responsibilities and scope of activities are laid down in the Act on the Croatian Financial Services Supervisory Agency (NN Nos 140/05, 154/11 and 12/12) and the CMA;
29. iNAV (indicative net asset value) – an intra-day measure of NAV based on the latest information;
30. indicative price – the price of a financial instrument computed by the trading system during the bidding phase, in accordance with Article 202 of these Rules;
31. Internet connection – a communication link using the Internet;
32. Exchange website – [www.zse.hr](http://www.zse.hr);
33. data subject – a person who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data or an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that person;
34. issuer – a natural person or a legal entity governed by private or public law, including a State, whose securities are admitted to trading on a regulated market in the Republic of Croatia or another Member State, where the issuer in the case of depositary receipts admitted to trading on a regulated market, is issuer of the underlying securities represented, irrespective of whether or not such securities have been admitted to trading on the regulated market, which has concluded an agreement with the Exchange to admit financial instruments to trading on the regulated market;

- 35. processor – a natural or legal person, public authority, agency or other body which processes personal data on behalf of the controller;
- 36. client – any natural or legal person to whom a member firm provides investment or ancillary services;
- 37. order book – a part of the trading system which contains all the orders under which transactions may be concluded;
- 38. Code of Corporate Governance – the Code of Corporate Governance adopted by the Exchange and HANFA;
- 39. corporate actions – any activities relating to the exercise of rights attaching to securities, and to the changes concerning securities or status changes of the issuer;
- 40. short selling – transaction in a financial instrument which the member firm has borrowed, or agreed to borrow, for delivery on settlement;
- 41. qualifying holding shall be a holding as defined in point 50 of Article 3 of the CMA;
- 42. home Member State – a Member State as defined by the provisions of the CMA;
- 43. kill functionality (button) – a mechanism that allows cancelling of all outstanding orders of the member firm and prevents the entering of new orders;
- 44. 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 fair, orderly and efficient trading and to protect investors;
- 45. order – an offer 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;
- 46. NAV – net asset value per unit of the UCITS fund;
- 47. personal data processing – any operation or set of operations which is performed on personal data or on sets of personal data, whether or not by automated means, such as collection, recording, organisation, structuring, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available, alignment or combination, restriction, erasure or destruction;
- 48. market maker – an Exchange Member which, under an agreement concluded with the Exchange, assumes special obligations with regard to maintaining liquidity of a particular financial instrument for a period of time during the continuous trading by simultaneously quoting bid and ask prices;
- 49. persons discharging managerial responsibilities – persons specified in Article 3(1)(25) of Regulation (EU) No 596/2014;
- 50. personal data – data relating to an identified or identifiable natural person (data subject);
- 51. open-end investment fund – an open-end investment fund with a public offering (UCITS fund) as defined by the act regulating the establishment and operation of open-end investment funds with a public offering;
- 52. data link – a line of communication operated by a provider of trading system connection services and serving to maintain a direct data connection with the trading system and other parts of the Exchange information system;

- 53. 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;
- 54. quote or market maker order – an order to simultaneously buy and sell financial instruments published on the regulated market by the market maker on its own behalf and for its own account;
- 55. list of insiders – a list specified in Article 18 of Regulation (EU) No 596/2014;
- 56. extraordinary administration procedure – a procedure regulated by the Act on the Extraordinary Administration Procedure in Companies of Systemic Importance for the Republic of Croatia (NN 32/2017);
- 57. inside information – information as defined in Article 7 of Regulation (EU) No 596/2014;
- 58. Exchange Rules – these Rules;
- 59. transferable securities shall be types of securities as defined in point 87 of Article 3 of the CMA;
- 60. temporary suspension of trading in a financial instrument – a measure to temporarily prevent trading in a particular financial instrument via the Exchange trading system;
- 61. regulated information – information specified in Article 455(9) of the CMA;
- 62. prospectus – a prospectus for the purposes of Regulation (EU) No 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC;
- 63. 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;
- 64. Application Programming Interface (API) – a technical specification of transaction messages used for exchanging data between the trading system of the member firm and another user and the trading system for the purpose of developing application software of the member firm or another user;
- 65. record date – the date on which a record of the holders entitled to a payment in cash and/or securities is determined;
- 66. reference price – the price of the last transaction in a financial instrument determined in an auction and/or in continuous trading, except in the case referred to in Article 175(5) of these Rules;
- 67. central depository shall be a central securities depository or CSD as defined in point 106 of Article 3 of the CMA;
- 68. central counterparty or CCP shall be a central counterparty as defined in point 105 of Article 3 of the CMA;
- 69. structured products shall be transferable securities as defined in point 87(c) of Article 3 of the CMA;
- 70. trading system of the member firm – a trading system including the application software, computer and communication equipment, and a data link for data exchange between the trading system of the member firm and the trading system;
- 71. 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;

72. transaction – a legal transaction of buying and selling financial instruments which results from matching relevant buy and sell orders via the Exchange trading system, in accordance with the provisions of these Rules;
73. third country – any country other than a Member State;
74. trading – a procedure of entering, modifying or cancelling buy and sell orders and concluding transactions in financial instruments via the Exchange trading system;
75. trader work station – application software used by the member firm for deals in the trading system;
76. trading day – a day on which the trading system is open to member firms to conclude transactions;
77. trading system – application software, computer and communication equipment and data access network used for the exchange of data between the trading system of the member firm or other users and the Exchange trading system;
78. management and supervisory board – the management and the 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 a management board, the provisions of these Rules relating to the management and supervisory board shall apply *mutatis mutandis* to the management board;
79. Regulation (EU) No 2016/679 – of Regulation (EU) No 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation);
80. Regulation (EU) No 2017/1129 – Regulation (EU) No 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC;
81. Regulation (EU) No 537/2014 – of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC;
82. 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);
83. Regulation (EU) No 600/2014 – Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012;
84. regulated market shall be a regulated market as defined in point 130 of Article 3 of the CMA;
85. person closely associated – a person defined in Article 3(1)(26) of Regulation (EU) No 596/2014;
86. e-trade – an agreement under which the member firm allows certain clients to electronically issue orders via the Internet to be sent automatically via the member firm's internal trading system to the Exchange trading system with an identification code of that member firm;
87. listing / admission to trading – the procedure which enables trading in a financial instrument on the regulated market;
88. controller – the natural or legal person, public authority, agency or other body which, alone or jointly with others, determines the purposes and means of the processing of personal data; where

the purposes and means of such processing are determined by Union or Member State law, the controller or the specific criteria for its nomination may be provided for by Union or Member State law;

- 89. last price – the price of the last transaction in the financial instrument on a particular trading day;
- 90. application for listing / admission to trading – application to have the financial instruments listed / admitted to trading on the regulated market;
- 91. closing price (close) – 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;
- 92. 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;
- 93. 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, 110/15, and 40/19);
- 94. CMA – the Capital Market Act (NN Nos 65/18, 17/20 and 83/21).

(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 the context requires otherwise.

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

#### Manuals and Other Acts

##### Article 4

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

(2) Any documents referred to in paragraph 1 of this article shall be published by the Exchange on its website at least seven (7) days prior to the commencement of their application.

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

## 2. MEMBERSHIP

### Article 5

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 firms arising from membership and to related procedures.

### 2.1 GRANT OF MEMBER STATUS

#### Article 6

- (1) Member status shall be granted at the time of entering into 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 the Rules and other acts of the Exchange.
- (4) Member status may not be acquired by succession.

#### Eligible Members

#### Article 7

- (1) Any investment firm 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 laid down in Article 8 of these Rules may also 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 firms.

#### Specific Criteria for Members with Limited Trading Rights

#### Article 8.

In addition to the membership criteria specified in these Rules, the person referred to in Article 7(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 share capital of no less than EUR 55,000.00;
3. carry on business continuously 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 carried out, as well as an appropriate system of internal controls;
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 EUR 465,000.00.

## Prerequisites for Admission to Membership

### Article 9

A person applying for membership shall meet the criteria for admission to membership laid down in these Rules.

### Member Seat

#### Article 10

Deleted.

#### Article 11

Deleted.

## **2.2 ORGANISATIONAL, PERSONNEL AND TECHNICAL REQUIREMENTS FOR MEMBERSHIP**

### **2.2.1 Organisational Requirements**

#### Organisational Requirements

##### Article 12

- (1) Members shall hold appropriate authorisation of HANFA or of the Croatian National Bank or competent authority of the Member State or third country to provide investment services and perform 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 7(2) of these Rules.

### **2.2.2 Personnel Requirements**

#### Article 13

- (1) The member firm shall have at least one authorised person, either employed or in such other legal capacity as required to do broker work, who is trained to execute deals in the trading system.
- (2) The member firm 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 and assigning user names and passwords and rights of access to the trading system for all trading system users of the respective 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 to and connection with the trading system, in accordance with Exchange requirements, supervising and administering Exchange queries relating to the member-side application software, computer and communication equipment and data links to the trading system and



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) The member firm shall notify the Exchange without delay of a change to 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 out 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 acquiring or maintaining the level of expertise 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.
- (7) As a controller of personal data of the persons referred to in paragraphs 1, 2(1-2) and 3 of this article, the member firm shall provide to the Exchange the following personal data of such persons:
  1. Person doing broker work, in accordance with paragraph 1 of this article and Article 71 of these Rules:
    - (a) name and surname
    - (b) ID No (OIB)
    - (c) e-mail address
    - (d) telephone number
  2. Person responsible for computer system surveillance:
    - (a) name and surname
    - (b) e-mail address
    - (c) telephone / mobile phone number
  3. Person authorised to take decisions in emergency situations:
    - (a) name and surname
    - (b) e-mail address
    - (c) telephone / mobile phone number
  4. Data of the contact person:
    - (a) name and surname
    - (b) e-mail address
    - (c) telephone / mobile phone number
- (8) With regard to personal data referred to in paragraph 7 of this article, the member firm warrants to the Exchange that: (i) all personal data provided relating to such persons are accurate and complete and that they have been collected on valid legal grounds for the processing; (ii) the purpose of the processing known to such persons with regard to their personal data includes the exchange of personal data with the Exchange for the purpose defined in this article; (iii) the member firm has duly and transparently informed those persons of the rights of data subjects laid down in Regulation (EU) No 2016/679 and the applicable Act implementing the General Data Protection Regulation.
- (9) With regard to personal data of the persons referred to in paragraphs 2(1-2) and 3 of this article, the Exchange undertakes: (i) to use personal data provided only for the purpose of entering into and performance of the membership agreement under which the member firm provided personal data of the persons referred to in paragraph 2(1-2) and paragraph 3 of this article are provided to the Exchange by

the member firm; (ii) that Exchange officers handling personal data concerned have undertaken to observe the confidentiality of personal data; (iii) that it takes appropriate organisational and technical measures to ensure the appropriate level of data security; (iv) to make available at the request of the member firm / persons referred to in paragraph 2(1-2) and paragraph 3 of this article all the information necessary to prove compliance with the obligations of applicable regulations.

(10) In accordance with the applicable regulation governing archival records and archives, the Exchange is a designated creator of archival and register records and, in accordance with the Special List of Archival and Register Records approved by the Croatian State Archives, it has the obligation to safeguard the data referred to in paragraph 7 of this article permanently.

(11) Detailed information about the collection and processing of personal data by the Exchange is available in the Zagreb Stock Exchange, Inc. Privacy Policy published on the Exchange website.

### **2.2.3 Technical Requirements**

#### **Member Firm's Trading System**

##### **Article 14**

(1) The member firm's trading system must conform to the Exchange trading system technically and functionally.

(2) The trading system referred to in paragraph 1 of this article must meet the conditions relating to pre-trade controls on price, volume and value of orders and usage of the system and post-trade controls on the trading activities of the member firms laid down in the CMA and other regulations, these Rules and other acts of the Exchange.

(3) The trading system referred to in paragraph 1 must be connected to the trading system via appropriate data links.

(4) Data links referred to in paragraph 3 of this article must be managed by an authorised provider of connection services to the trading system to be designated by the Exchange, and meet the specific requirements with regard to the bandwidth, reliability and other technical characteristics.

(5) The Exchange shall enable access to the trading system to member firms via the trader work station or via their own application software, developed by using the API or another appropriate protocol.

(6) Each member shall be responsible for the orderly functioning of its trading system.

#### **Member Firm's Application Software**

##### **Article 15**

(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 16

- (1) The 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 must 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 documentation.
- (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 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 borne by member firms.

#### Security Standards

##### Article 17

- (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 18

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 an agreement with a member of the clearing and/or settlement system providing for the settlement of on-Exchange transactions for the account of the member.

## 2.3 ADMISSION TO MEMBERSHIP PROCEDURE

### Article 19

- (1) Any person seeking membership of the Exchange shall submit an application for membership on a requisite form of the content specified by the Exchange (applicant).
- (2) The applicant shall enclose the following to the application for membership:
1. an 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. a decision of the competent authority granting it authorisation to provide investment services and perform investment activities;
  3. a brief overview of past operations and plans for future activities on the capital market;
  4. deleted;
  5. two copies of a membership 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 out in paragraph 2 of this article.
- (4) Any person seeking membership of the Exchange shall allow the Exchange to verify the truthfulness of information submitted in the application for membership.

### Article 20

- (1) The applicant for membership with limited trading rights referred to in Article 7(2) of these Rules shall also enclose the following to the application:
1. documents specified in points 1, 3, 4, 5, and 6 of Article 19(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;
  4. proof that neither the applicant nor member of its management has 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 instituted *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) under laws governing 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 HANFA or other competent authority;

5. a document providing an overview of a risk management system in place, proportionate to the type, scope and complexity of the services and activities performed by the applicant, including a description of the system of internal controls;
6. a statement confirming that it has concluded more than ten (10) transactions a month on the capital market in the past three (3) financial years, including other relevant proof; and
7. a statement confirming that its portfolio of investments in financial instruments, including cash deposits, exceeds EUR 465,000.00.

(2) The applicant may be invited, at the request of the Exchange, to submit other documents in addition to those specified in paragraph 1 of this article.

#### Admission to Membership Resolution

##### Article 21

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

##### Article 22

- (1) Within not more than 3 (three) months from the issuing of a resolution by which it is admitted to membership, the member firm shall comply with the following requirements for admission to trading:
  1. ensure access to the Exchange trading system in one of the following ways:
    - (a) by concluding an agreement with a primary provider of trading system connection services, or,
    - (b) by submitting relevant proof of an agreement 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 the member firm's trading system technically and functionally conforms to the Exchange trading system and that it meets the conditions relating to controls on price, volume and value of the orders laid down by the CMA and other regulations, these Rules and other acts of the Exchange.
  3. furnish proof that it has provided for the clearing and settlement of transactions concluded on the regulated market;
  4. provide data on the person who will do broker work, in accordance with Article 13(1) of these Rules, including proof of the expertise and experience acquired and of the qualifications of such person to do that work;
  5. provide data on the persons responsible for the tasks set out in Article 13(2) of these Rules.

(2) The Exchange may request from the member firm to present an appropriate payment security instrument.

#### Article 23

(1) Having undertaken due diligence of the member firm and established that all the requirements set out in Article 22 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 include the new member firm on a list of Exchange members published on its website.

## 2.4 MEMBER RIGHTS AND OBLIGATIONS

#### Member Rights

##### Article 24

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

1. to access the trading system;
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 / admission of financial instruments to trading on the regulated market and on their temporary suspension and delisting / exclusion from trading;
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 7(2) of these Rules shall be limited exclusively to the right to conclude transactions in their name and for their own account.

#### Member Obligations

##### Article 25

The member firm 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 its member status;
3. to provide data to the Exchange, in accordance with these Rules and other acts of the Exchange;
4. to ensure that its trading system technically and functionally conforms to the Exchange trading system.

5. to protect its trading system, identification codes and any user names and passwords for access to the trading system;
6. to enable surveillance of its computer system and business operations at the request of the Exchange;
7. to provide data, at the request of the Exchange, and enable access to any records of orders and decisions to deal and records of transactions;
8. perform its 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 26

- (1) All member firms are entitled to access the trading system.
- (2) Technical prerequisites for access to the trading system shall be specified by the Exchange and/or provider of trading system connection services.
- (4) The member firm shall maintain the confidentiality of the procedure for connecting to the trading system, and of the technical documentation concerning the trading system, API and other documents designated by the Exchange or provider of trading system connection services as 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 27

- (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 which regulate trading;
  3. make sure that its trading system enables a secure identification of the client and orders issued online;
  4. put in place adequate control systems and measures, including pre- and post-trading controls, to prevent the entry of erroneous orders or any orders which might compromise a fair, orderly and effective trading and any behaviour indicative of market abuse, in accordance with Regulation (EU) No 596/2014;
  5. make sure 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 in trading system, transactions concluded and other actions undertaken using the trading system under its identification code.
- (3) The exchange has the right at any time to disable trading by the member firm 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

effective trading or if it believes that such trading is indicative of market abuse, in accordance with Regulation (EU) No 596/2014.

#### Right to Issue Orders and Conclude Transactions

##### Article 28

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

#### Member Identification

##### Article 29

- (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 30

- (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.
- (2) Immediately on receiving a member firm's notification of misuse, the Exchange shall 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 order of the suspicious user or member firm, send a report on any transactions concluded by the suspicious user to the member firm or disable access to the trading system by the member firm and undertake any other measures or activities appropriate to the circumstances of the particular case.

#### Maintenance of the Trading System Capacity

##### Article 31

- (1) The Exchange shall ensure that the trading system has sufficient capacity to perform its functions without system failure, outage or errors in matching transactions.
- (2) For the purposes of paragraph 1 of this article, the Exchange shall specify the highest permissible number of messages per second which a member firm may enter in the trading system.



## Algorithmic Trading

### Article 32

- (1) A member firm using algorithmic trading shall put in place systems and risk control measures appropriate to the activities of the member firm in accordance with the provisions of the CMA and other regulations, Delegated Regulation (EU) No 2017/589, these Rules and other acts of the Exchange.
- (2) The systems and measures referred to in paragraph 1 of this article must:
  1. ensure resilience of the trading system used by the member firm;
  2. have built-in pre-trade and post-trade controls and
  3. prevent system operation in a manner which might create or contribute to disorderly trading conditions on the market.
- (3) The member firm shall notify the Exchange in due time of the use and termination of use of the algorithmic trading functionality.

## Identification of (Algorithmic) Orders and Trading Algorithms

### Article 33

- (1) The member firm shall flag any orders or quotes generated by algorithmic trading or the different algorithms used for the investment decision-making and for order submission.
- (2) Detailed provisions on the manner, structure and form of the flags of (algorithmic) orders and quotes and on the identification of trading algorithms shall be specified by the Exchange.

## Member Firm's Conformance Testing

### Article 34

- (1) Prior to the deployment or a substantial update, the member firm shall undertake conformance testing of its access to the Exchange trading system, its own trading system, trading algorithm or trading strategies.
- (2) The conformance testing shall ensure that the basic functioning of the members' trading systems, algorithms and strategies comply with the Exchange's requirements.
- (3) The Exchange shall provide a conformance testing environment to its member firms, including prospective members.
- (4) Prior to the deployment or substantial update of a trading algorithm or trading strategy, the member firm shall certify that the algorithms it deploys have been tested to avoid contributing to or creating disorderly trading conditions, and describe the means and procedure used for that testing.
- (5) The Exchange may require the member firm to undertake conformance testing in a testing environment provided and using its conformance testing facilities. Testing must be done in the manner and according to the time schedule specified by the Exchange. The Exchange shall deliver a report of the result of the conformance testing to the actual or prospective member.
- (6) The member firm may request Exchange assistance at any time during the conformance testing in a testing environment, and the Exchange shall provide reasonable support to the member firm in relation to its testing.

## Testing of the Trading System

#### Article 35

- (1) Prior to deploying or updating the trading system, the Exchange shall undertake testing of the trading system.
- (2) The Exchange is authorised to request participation of the member firm in trading system testings, in which case the member firm shall do the testing in the manner and according to the schedule specified by the Exchange.
- (3) Except in extraordinary circumstances, the Exchange shall notify member firms in due time of any trading system testing which is likely to affect their daily operations.

#### Modifications to the Trading System and Member Firms' Application Software or Computer and Communication Equipment

#### Article 36

- (1) The Exchange reserves the right to introduce 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 shall notify members firms in due time of any modifications to be introduced 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 shall include a description of changes, planned testing time and the effective date of such trading system modifications.
- (4) Modifications to the trading system shall 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) Any modifications to the application software or computer and communication equipment which are likely to affect the orderly trading system operation must be reported to the Exchange without delay.
- (7) The Exchange may request that modified application software or computer and communication equipment of the member firm be tested, subject to the conditions and in the manner laid down in technical documentation.

#### Deficiency in the Member Firm's Trading System or Computer and Communication Equipment Functioning

#### Article 37

- (1) Where the Exchange finds, on the basis of testing on in some other manner, that a member firm's trading system or computer and communication equipment does not technically and functionally conform to the Exchange trading system, 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 case 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 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 shall generally be planned outside trading hours.
- (3) Except in extraordinary circumstances, the Exchange shall notify member firms and other service users in due time of undertaking such actions.

## Notification of the Exchange

### Article 39

- (1) The member firm shall notify the Exchange immediately of changes of any data based on which it has been admitted to membership of the Exchange, in particular of the following:
  1. expiry of the authorisation (licence) to provide investment services and perform 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 supervision of the member firm's trading system;
  4. any change of 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 are likely to affect the Exchange functioning, other Exchange members, investors or orderly functioning of the market (e.g. liquidity problems, insolvency or overindebtedness of the member firm, imposition of early intervention measures by HANFA or other competent authority, institution of bankruptcy proceedings or liquidation, judiciary or arbitral proceedings of significant value, etc.);
  6. in the event of status changes (e.g. merger, acquisition, division) or other form of corporate restructuring or change of the scope business/activities of the member firm; and
  7. changes to qualifying holdings in the company.
- (2) At the request of the Exchange, member firms shall provide to the Exchange any other data and documents which affect or are likely to affect the performance of their obligations, the Exchange functioning, 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 specified by the CMA, other regulations, these Rules or other acts of the Exchange.

## Notification of Data from Member Firms' Records

### Article 40

(1) Members firm shall keep records of the orders and records of the transactions, in accordance with Annex I. and Annex IV of Delegated Regulation (EU) No 2017/565, with the provisions of the CMA and other regulations.

(2) At the request of the Exchange, the member firm shall provide to the Exchange the records referred to in paragraph 1 of this article 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 trading on the regulated market.

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

#### Prohibition of Insider Dealing and of Unlawful Disclosure of Inside Information

##### Article 42

Natural or 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

Natural or legal persons shall not engage in or attempt to engage in market manipulation.

#### Reputation of the Exchange and Use of Exchange Mark

##### Article 44

(1) No member of the Exchange shall give advice or recommendations, issue or 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 mark, taking account in doing so not to mislead any third parties with regard to the separate nature of the legal person of the member firm and that of the Exchange.

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

#### Access to Information

##### Article 45

(1) Exchange members shall gain access to Exchange information in accordance with the provisions regulating trading system access.

(2) Exchange information shall be deemed to include any information relating to trading, listing / admission of financial instruments to trading on the regulated market, their temporary suspension and delisting, 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 information referred to in paragraph 2 of this article for their own purposes only.

(4) The Exchange shall specify 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.

## **2.5 TERMINATION OF MEMBERSHIP**

### **Article 46**

(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 under agreements concluded between the Exchange and the member firm.

### **2.5.1 Termination of Membership at the Request of the Member Firm**

#### **Article 47**

(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 specified by the Exchange.

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

## **2.5.2 Termination of Membership by Exclusion from Membership and Suspension**

### **Article 48**

(1) The Exchange may decide to terminate membership by exclusion from membership or suspension for one or more 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 specified in Article 22 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 perform 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 any documents, other papers 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 undertaken by the Exchange;
7. in the event of grave or repeated infringements of the provisions 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 its obligations or which are likely to affect the Exchange functioning, other Members of the Exchange, investors or orderly functioning of the market (e.g. illiquidity, insolvency or overindebtedness of member firm, issuing of decision to institute pre-bankruptcy, bankruptcy proceedings or liquidation, etc.);
9. if necessary to ensure fair, orderly and transparent trading or to protect trading system capacity;
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 shall 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 substantiated.

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

### **Article 49**

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

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

(3) In the event of exclusion from membership, 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 50

- (1) A resolution suspending all or certain 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 any circumstances giving rise to suspension, but it shall not exceed 12 (twelve) months.
- (3) For the duration of its suspension, the member firm shall pay the 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 the membership fee and other charges according to the price list shall cease from the date of a decision to institute bankruptcy proceedings against it or from the date of making public a decision of HANFA or other competent authority on the occurrence of the insured event.
- (5) For the duration of suspension, the member firm shall have no right to state the fact of its membership or use the Exchange mark in business correspondence or in other manner.
- (6) If the circumstances giving rise to suspension do not cease by expiry of a period of 12 (twelve) months from the date of adoption of the Exchange resolution on suspension, the member firm will be excluded from membership.

## 2.6 MARKET MAKER

#### Article 51

- (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 specified in the CMA and other regulations and in Article 53 of these Rules and detailed further in other acts of the Exchange.
- (2) A member firm engaged in algorithmic trading pursuing a market making strategy shall, in addition to the requirements set out in paragraph 1 of this article, also comply with the requirements laid down in Delegated Regulation (EU) No 2017/578.
- (3) Financial instruments in respect of which a member firm may engage in market making shall be specified by the Exchange in a manual.
- (4) A member firm with limited trading rights referred to in Article 7(2) of these Rules may engage in market making if it has an appropriate authorisation of HANFA or another competent authority.
- (5) Each member firm is entitled to apply to the Exchange to engage in market making.
- (6) 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 52

- (1) On each trading day, the market maker shall issue bid and ask quotes, subject to the terms and in the manner specified in the CMA and other regulations, these Rules and other acts of the Exchange.
- (2) Any market maker which performs the obligations laid down in these Rules and other acts of the Exchange shall be entitled to a certain discount of the size and modality specified in the price list.
- (3) The Exchange may also specify in a manual other parameters related to the status, rights and obligations of market makers.

## **2.6.1 Organisational, Personnel and Technical Market Making Requirements**

### **Article 53**

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. put in place a permanent and effective system to prevent and control the exchange of information so that the performance of specific services and activities by the member firm (e.g. filling orders for the account of a client etc.) does not affect its market making or constitute market abuse within the meaning of Regulation (EU) No 596/2014;
3. put in place a permanent and effective system to prevent conflicts of interest which may arise in the course of market making and other tasks at the member firm, and which may damage the interests of clients;
4. keep records of the market maker's orders and trades concluded based on such orders; and
5. have a trading system available to enable engaging in market making.

## **2.6.2 Market Maker Status**

### **Grant of Market Maker Status**

#### **Article 54.**

- (1) A 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 shall publish the agreement on its website, without disclosing any sections which refer to the commercial terms of the agreement. The member firm shall notify the Exchange without delay any subsequent amendments to the agreement, as well as of its termination.
- (3) Where the member firm performs or will perform other activities for the Issuer or for 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 provide 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 performed, as well as of 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 date of receipt of the application and requisite documents.
- (5) Once the Exchange has ascertained that the member firm meets all the criteria laid down in Article 53 of these Rules, it will enter into a market making agreement with the member firm.
- (6) The market maker status shall be granted by virtue of a market making agreement concluded with the Exchange.
- (7) The member firm shall promptly notify the Exchange of any change of data stated in its application for the grant of market maker status.

#### Termination of Market Maker Status

##### Article 55

- (1) The member firm may request a termination of its market maker status 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 the date of its receipt.
- (4) The member firm shall engage in market making for at least 20 (twenty) trading days from the date 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 specified 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 date of termination of its market maker status.

##### Article 56.

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 57

- (1) The Exchange shall notify 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 58

- (1) For a specific period of time on each trading day during continuous trading, the market maker shall quote buy and sell orders, which must meet minimum order size and maximum price spread requirements.
- (2) The minimum quoting time of a market maker order, 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 59

- (1) For the purpose of defining the minimum order size and the maximum price spread of the market maker order, the Exchange shall assign financial instruments to classes, depending on their liquidity.
- (2) The average daily turnover shall be taken as the criterion in the classification of financial instruments.
- (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 60

- (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 shall 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 61

- (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 62

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

#### No Market Making Obligations on a Particular Trading Day

##### Article 63

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

#### Temporary Relief under Extraordinary Circumstances

##### Article 64

- (1) The market maker may submit a request to the Exchange seeking temporary relief from its obligations under extraordinary circumstances, such as war, union action, civil disturbance or cyber sabotage, natural disaster or similar circumstances, when it becomes impossible to estimate the value of a financial instrument, the obligation to publish a mandatory takeover bid or initiate a takeover of a company, etc.
- (2) The request referred to in paragraph 1 of this article must be substantiated.
- (3) The Exchange will decide on any requests submitted by 14:00 hours on a certain trading day by the end of trading on that same day, or by the start of the trading session on the following trading day 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 member firms and the public via its website without delay.

#### Temporary Relief due to Technical Problems

##### Article 65

- (1) The market maker shall notify the Exchange promptly if it cannot engage in market making due to technical problems.
- (2) In the case referred to in paragraph 1 of this article, the Exchange shall grant temporary relief to the market maker and notify it to member firms and the public via its website without delay.
- (3) The market maker shall notify the Exchange without delay of the time during 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 that temporary relief granted to the market maker due to technical problems was not justified, the market maker shall be deemed to have defaulted on its obligations laid down in Article 58 of these Rules and other acts of the Exchange.

#### Measures to Regulate Volatile Market

##### Article 66

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

## Data Publishing

### Article 67

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

## Surveillance of Obligations Performance

### Article 68

- (1) The Exchange shall monitor the performance of market maker's obligations on a daily and monthly basis.
- (2) A market maker which defaults on its daily obligations for 2 (two) consecutive trading days or fails to comply with the minimum quoting time requirement on a monthly basis shall not be entitled to the discount for the respective month specified in the price list.
- (3) Where the market maker defaults on its obligations for 2 (two) consecutive months, the Exchange may adopt a resolution terminating the market maker's status.
- (4) In addition to the measure referred to in paragraph 2 of this article, the Exchange may impose on the defaulting 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 in relation to its market making activities.

## Emergency Market Maker

### Article 69

- (1) Where a market maker forfeits its status due to extraordinary circumstances, the Exchange may designate an emergency market maker to protect the continuity, stability and liquidity of the market and to protect investors.
- (2) Only a member firm which meets the criteria laid down in the CMA and Article 53 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 70

- (1) Without prejudice to the cases set out in Article 56 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 58(2) of these Rules, the minimum quoting time of the market maker order, as well as the maximum bid and ask spread and the minimum order 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 59 and 60 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 set out to in Article 58(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 order, the market maker in structured products may quote a buy order with a quantity equal to 0.

(6) If the price of the underlying instrument reaches the barrier of the structured product, the market maker in structured products shall be required to promptly notify the Exchange.

(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 68(2) of these Rules, a market maker which defaults on its daily obligations for more than 2 (two) consecutive trading days or fails to comply with the minimum quoting time requirement at the level of 2 (two) months shall not be entitled to the discount for the respective month specified in the price list.

## **2.7 BROKER**

### **Broker**

#### **Article 71**

(1) A broker is a natural person authorised by the member firm to enter orders in the trading system on behalf of the member. The broker shall be deemed, within the scope of the powers granted by the member firm, to have the right of access to the trading system, to enter, modify and cancel orders and to conclude transactions.

(2) The member firm may authorise a certain person to act as broker only if:

1. the member firm fills 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 as well as the person's competence for work using the trading system; and
2. where that person holds recognized qualifications for brokerage activities or investment advice in accordance with the provisions of the CMA and other applicable regulations.

(3) The competence for work using the trading system may be acquired by a 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 by the member firm. Detailed criteria for the recognition of competence for work using the trading system, the procedure and the content of the statement shall be specified by the Exchange.

(4) Any brokers authorised by a 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 of the regulated market organisation, 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, such person shall comply with 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 test the competences of brokers for work using the trading system 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 records of all brokers it has 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 records referred to in paragraph 7 of this article to the Exchange at its request.

## Rights and Obligations of Brokers

### Article 72

(1) Brokers are entitled to:

1. use the trading system to enter, modify or cancel buy and sell 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. comply with the Rules and other acts of the Exchange;
2. prevent access to and use of the trading system by third parties using the broker's username and password;
3. notify the Exchange of any recorded trading system irregularities (technical errors etc.).

### **3. REGULATED MARKET**

#### **Financial Instruments Tradable on the Regulated Market**

##### **Article 73**

Any financial instruments for which the Exchange has obtained HANFA's approval or in respect of which such approval stems from the provisions of the CMA may be traded on the regulated market, specifically:

1. shares and other securities equivalent to shares in the capital or shareholders' rights in a company or other entity, as well as depositary receipts in respect of shares;
2. bonds and other forms of securitised debt, including depositary receipts in respect of such securities;
3. any other securities giving the right to acquire or sell any such transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures;
4. money market instruments such as treasury bills, central bank bills and commercial papers, certificates of deposit, and other types of instruments which are customarily traded on the money market, excluding instruments of payment,
5. units in collective investment undertakings, in accordance with the provisions of the CMA.

#### **Market Segments**

##### **Article 74**

Segments of the regulated market are:

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

### **3.1 FINANCIAL INSTRUMENT LISTING / ADMISSION TO TRADING ON THE REGULATED MARKET**

##### **Article 75**

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

##### **Article 76**

- (1) The Exchange shall be responsible for deciding on the listing / admission of financial instruments to trading on the regulated market.
- (2) The application for listing / admission of financial instruments to trading shall be submitted on a form of the content specified by the Exchange.
- (3) The application form is published on the Exchange website.



(4) The application for listing / admission to trading shall refer to any and all shares of the same class, with the exception of the cases laid down in the CMA, and to all equally ranked debt securities.

### **3.1.1 Applicant**

#### **Article 77**

(1) An application for listing / admission of financial instruments to trading may be submitted by the issuer or a person authorised by the issuer.

(2) By way of derogation from paragraph 1 of this article, transferable securities may be listed / admitted to trading on the regulated market 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, an application for listing / admission to trading 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 / admission to trading of an open-end investment fund on the regulated market shall be submitted by the management company.

### **3.1.2 Application and Other Documents**

#### **Article 78**

(1) The applicant shall enclose the following to the application:

1. a prospectus and/or other information or a declaration to the effect that the applicant is exercising a right to an exemption from the obligation to prepare the prospectus and/or other information;
2. a declaration to the effect 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 authorities;
3. copies of all permissions, licences and approvals issued by the competent authority with regard to the listing / admission to trading procedure;
4. a declaration to the effect that it has been informed by the Exchange about the requirements arising from the listing / admission of its financial instruments to trading on the regulated market, at first admission of the financial instrument to trading on the regulated market;
5. a statement confirming that the applicant has an appropriate internal organisation, systems and procedures in place to ensure timely availability of information to the market, also stating data on the person responsible for investor relations; and
6. proof of payment of the listing fee according to the price list.

(2) With regard to personal data referred to in paragraph 1(5) of this article, the member firm warrants to the Exchange that: (i) all personal data provided relating to such persons are accurate and complete and that they have been collected on valid legal grounds for the processing; (ii) the purpose of the processing known to such persons with regard to their personal data includes the exchange of personal data with the Exchange for the purpose defined in paragraph 3 of this article; (iii) the member firm has duly and

transparently informed those persons of the rights of data subjects defined in Regulation (EU) No 2016/679 and the applicable Act implementing the General Data Protection Regulation.

(3) The Exchange shall use personal data of the person responsible for investor relations solely for the purpose of verifying compliance with the listing criteria and for communication with the defined person with regard to compliance of the applicant with its requirements in the event that the applicant's financial instruments are listed / admitted to trading on the regulated market managed by the Exchange.

(4) This article relating to personal data of the person referred to in paragraph 1(5) of this article shall be subject *mutatis mutandis* to the provisions of Article 13(9) through (11) of these Rules.

#### Article 79

(1) Where the application for admission to trading relates to shares, in addition to documents referred to in Article 78 of these Rules, the applicant shall also enclose:

1. the minutes of the annual general meeting which adopted a resolution to list the company's shares on the regulated market, at the first admission of shares to trading on the regulated market and for each new issue;
2. a decision entering the fact of the capital increase in the court register, if applicable;

(2) If the application is submitted for admission of shares to trading on the Official Market, the applicant shall also enclose a statement by which the issuer confirms that it has an investor relations function in place, also providing data of the person responsible for investor relations and evidence that the person in question has necessary knowledge and skills in the area investor relations;

(3) If the application is submitted for shares to be listed on the Prime Market, the applicant shall also enclose:

1. a market making agreement in respect of the shares concluded between the issuer and the market maker;
2. a statement confirming that the issuer has at least one independent member of the supervisory board who has no business, family or other relations with the issuer, majority shareholder or group of majority shareholders or members of the management or supervisory board of the issuer or majority shareholder, including the reasoning why the issuer believes the supervisory board member in question to be independent;
3. a declaration to the effect that at least one member of the audit committee is independent of the issuer, including the reasoning why the issuer believes the audit committee member in question to be independent of the issuers;
4. a statement referred to in paragraph 2 of this article;
5. a dividend policy.

(4) With regard to personal data of the person referred to in paragraph 2, this article shall be subject *mutatis mutandis* to the provisions of Article 78(2) through (4) of these Rules.

#### Article 80

Where the application for admission to trading relates debt securities, in addition to documents referred to in Article 78 of these Rules, the applicant shall also enclose:

1. a resolution of the competent body of the issuer to issue debt securities;
2. a decision of the Government of the Republic of Croatia or 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 81

Where the application for admission to trading relates to structured products, in addition to documents referred to in Article 78 of these Rules, the applicant shall also enclose:

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

#### Article 82

Where the application for admission to trading relates to units in an open-end investment fund, in addition to documents referred to in Article 78 of these Rules, the applicant shall also enclose:

1. an authorisation (operating licence) of the management company;
2. an authorisation for the operation of the open-end investment fund whose units are referred to in the application for admission to trading on the regulated market;
3. the prospectus of the fund and approval of the prospectus;
4. the fund rules and approval of the rules;
5. the key investor information of the UCITS fund;
6. the latest audited annual reports and, where necessary, semi-annual reports of the fund; and
7. a market making agreement concluded between the issuer and market maker in respect of the units in open-end investment fund concerned.

#### Article 83

Where the application for admission to trading relates to shares in a closed-end investment fund, in addition to documents referred to in Article 78 of these Rules, the applicant shall also enclose:

1. an authorisation (operating licence) of the management company;
2. an authorisation for the operation of the closed-end investment fund whose units are referred to in the application for admission to trading on the regulated market;
3. the prospectus of the fund and approval of the prospectus;
4. the fund rules and approval of the rules;
5. the latest audited annual reports and, where necessary, semi-annual reports of the fund.

#### Article 84

Where the application for admission to trading relates to money market instruments, the applicant shall also enclose the following to the application:

1. any documents referred to in Article 78 points 2 and 4 of these Rules;

2. an information memorandum which must include at least the following:
- (a) key information on the issuer, specifically:
    - i. the company name, registered office, legal form and ID number of the issuer;
    - ii. a brief overview of business and basic information on the main business activities of the issuer, by business segments;
    - iii. a description of the main investment projects of the issuer, including capital expenditure for the period covered by the financial statements included in the admission document;
    - iv. a broad description of planned activities and investments of the issuer and a planned schedule of their implementation after the admission to trading on the regulated market as well as the purpose for which funds were raised;
    - v. information on the (short-term and long-term) sources of funding of the issuer, providing a brief explanation of the sources and amounts, and a description of the issuer's cash flows, along with information on financial needs and financing structure of the issuer;
    - vi. information on litigation, arbitral or enforcement proceedings instituted against the issuer, where the outcome of such proceedings is significant or could be significant for the issuer's business, as well as information on any other proceedings before state authorities and judiciary or arbitral proceedings, including any ongoing proceedings, over a period of at least the past 12 (twelve) months which might significantly affect the issuer's financial situation;
    - vii. information on any factors of risk incurred by an investor in risk-bearing money market instruments, including but not limited to risk factors related to the issuer's economic, property and financial situation, and risk factors related to the financial instruments of the issuer;
  - (b) the audited annual accounts of the issuer 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) the 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 85

Where the application is submitted without approval of the issuer, in addition to documents in respect of particular transferable securities whose submission is laid down in these Rules, the applicant shall also enclose a certificate of another regulated market in the Republic of Croatia or Member State or of a third country exchange on which the transferable securities have already been admitted to trading.

#### Article 86

- (1) At the request of the Exchange, the applicant shall also enclose other documents or provide 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, manner and time frame to be specified by the Exchange.

### **3.1.3 Orderly Application**

#### **Article 87**

(1) An application for listing / admission to trading shall be deemed orderly if submitted by the authorised person, duly signed by the authorised person and accompanied by all requisite documents and/or information and those requested by the Exchange.

(2) The Exchange shall reject an application for listing / admission to trading:

1. which has not been submitted by the authorised person, or
2. if the information available to the Exchange indicates that the listing / admission to trading might damage the investors' interests or the orderly functioning of the market.

(3) If the application for listing / admission to trading has not been signed by the authorised person or if not all requisite documents and/or information and those requested by the Exchange which are necessary for deciding have been enclosed, the Exchange shall reject such application.

### **3.1.4 Resolution to List / Admit to Trading**

#### **Article 88**

(1) A resolution to list / admit financial instruments to trading on the regulated market shall be adopted by the Exchange in the manner and time frame specified in the CMA and other regulations.

(2) Financial instruments shall be deemed listed / admitted to trading 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 instruments in the resolution referred to in paragraph 1 of this article.

(4) The resolution referred to in paragraph 1 of this article shall be sent by the Exchange to HANFA without delay and published on the Exchange website.

(5) Once the resolution referred to in paragraph 1 of this article is adopted pursuant to an application submitted by a person without approval of the issuer, the Exchange shall inform the issuer within not later than 3 (three) days from the admission to trading that its transferable securities are being traded on the regulated market managed by the Exchange.

## **3.2 CRITERIA FOR ADMISSION TO TRADING ON THE REGULATED MARKET**

### **3.2.1 General Criteria for Admission to Trading on the Regulated Market**

#### **Article 89**

- (1) Financial instruments being admitted to trading on the regulated market and their issuers shall comply with the criteria laid down in the CMA, Regulation (EU) No 2017/1129, Regulation (EU) No 596/2014, Delegated Regulation (EU) No 2017/568 and other regulations, these Rules and acts of the Exchange.
- (2) Financial instruments may be admitted to trading on the regulated market if capable of being traded in a fair, orderly and efficient manner.
- (3) The legal position of the issuer must be compliant with the regulations of the Republic of Croatia or of the country of the issuer's domicile.
- (4) The issuer shall comply with the obligation to publish the prospectus and/or other information, if such obligation is laid down in the provisions of the CMA or other regulations, specifically:
  1. where the obligation to publish the prospectus and/or other information is specified by the provisions of the CMA or other regulations, the issuer shall submit the prospectus and/or other information to the Exchange, state when and by which body the prospectus and/or other information has been approved, and when and in which manner the issuer has complied with its obligation to disclose the prospectus to the public; or
  2. where an exemption from the obligation to publish the prospectus and/or other information is permitted by the provisions of the CMA, the issuer shall submit to the Exchange a written declaration to the effect that it is exercising the exemption from the obligation to publish the prospectus and/or other information and proof that it has notified HANFA or other competent authority thereof, in accordance with the provisions of the CMA.
- (5) Financial instruments must be issued in accordance with the regulations that apply to them and must be freely transferable.
- (6) Efficient transaction settlement must be provided in respect of financial instruments, where compliance with that criterion shall be presumed if the financial instrument are issued in book-entry (dematerialised) form and registered in the central depository or central register, and included in the clearing/and or settlement system.
- (7) The issuer shall ensure the existence of an identifying number or identification code, in accordance with the provisions of Article 3 of Delegated Regulation (EU) No 2017/585.
- (8) The circumstance of pre-bankruptcy, bankruptcy proceedings, extraordinary administration or liquidation procedure being instituted against the issuer shall constitute the grounds for rejection of the application for admission of financial instruments to trading on the regulated market.
- (9) The provisions of paragraph 8 of this article shall not apply in the case of a new issue of financial instruments if same-class or same-rank financial instruments have already been admitted to trading on the regulated market managed by the Exchange.

#### Distribution to the Public

##### Article 90

- (1) Distribution to the public (free float) shall be determined on the basis of figures for the total number of all outstanding same-class shares of an issuer registered in the accounts of their holders in the central depository, expressed as a percentage 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 application for listing / admission to trading is submitted in respect of a new issue of same-class shares, the free float ratio may refer to all shares outstanding and not only to the new issue.
- (4) Where the application is submitted in respect of the shares listed on another regulated market in the Republic of Croatia or 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 the shares are listed on the regulated market.

### **3.3 CRITERIA FOR ADMISSION TO TRADING ON THE REGULAR MARKET**

#### **3.3.1 Shares**

##### Article 91

- (1) Shares to be admitted to trading on the Regular Market shall meet the criteria laid down in Article 89 of these Rules and additional requirements laid down in this article.
- (2) At least 15% of the shares referred to in the application for admission to trading must be distributed to the public.
- (3) In exceptional cases, shares which do not meet the free float requirement laid down in paragraph 2 of this article may be admitted to trading if, in view of the large number of same class shares and the free float ratio, this does not compromise orderly market functioning.

#### **3.3.2 Structured Products**

##### Article 92

- (1) Structured products to be admitted to trading on the Regular Market shall meet the criteria laid down in Article 89 of these Rules and the additional requirement that the issuer of structured products has provided for an Exchange member to engage in market making.
- (2) The addition requirement laid down in paragraph 1 of this article shall not apply to the rights to subscribe new shares.

#### **3.3.3 Units in Open-End Investment Funds**

##### Article 93

Units in open-end investment funds to be admitted to trading on the Regular Market shall meet the criteria laid down in Article 89 (1-3, 5-7) of these Rules and additional requirements 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 Debt Securities and Other Financial instruments**

#### **Article 94**

Debt securities and other financial instruments to be admitted to trading on the Regular Market shall meet the criteria laid down in Article 89 of these Rules.

## **3.4 CRITERIA FOR ADMISSION TO TRADING ON THE OFFICIAL MARKET**

### **3.4.1 Shares**

#### **Article 95**

(1) Shares to be admitted to trading on the Official Market shall meet the criteria laid down in Article 89 of these Rules and additional requirements laid down in this article.

(2) At least 25% of the shares referred to in the application for admission to trading must be distributed to the public. Said percentage of shares must be distributed to at least 30 shareholders.

(3) In exceptional cases, shares which do not meet the free float requirement laid down in paragraph 2 of this article may be admitted to trading if, in view of the large number of same class shares and the free float ratio, this does not compromise orderly market functioning. Orderly market functioning is considered not to be compromised if at least 10% of shares is distributed to at least 50 shareholders.

(4) Compliance with the requirement of paragraphs 2 and 3 of this article shall be proven at the time of admission to trading on the Official Market.

#### **Article 96**

(1) The issuer shall have an investor relations function in place with at least one designated person having the necessary knowledge and skills in the area of investor relations.

(2) The issuer shall continually maintain an appropriate degree of expertise of the person set out in paragraph 1 of this article.

### **3.4.2 Debt Securities**

#### **Article 97**

Debt securities to be admitted to trading on the Official Market shall meet the criteria laid down in Article 89 of these Rules.

### **3.4.3 Other Financial Instruments**

#### **Article 98**

Other financial instruments to be admitted to trading on the Official Market shall meet the criteria laid down in Article 89 of these Rules.



### **3.5 CRITERIA FOR ADMISSION TO TRADING ON THE PRIME MARKET**

#### **3.5.1 Shares**

##### **Article 99**

Shares to be admitted to trading on the Prime Market shall meet the criteria laid down in Article 95(1) and Article 96 of these Rules and additional requirements laid down in this chapter.

##### **Article 100**

- (1) At least 35% of the shares referred to in the application for admission to trading must be distributed to the public.
- (2) The issuer shall have at least 1000 shareholders.

##### **Article 101**

The expected market capitalisation of shares in respect of which an application for admission to trading has been submitted must be at least EUR 65,000,000.00.

##### **Article 102**

The issuer of shares in respect of which a listing application has been submitted shall enter into a market making agreement with at least one market maker in respect of the shares being admitted to trading.

##### **Article 103**

The supervisory board of the issuer must have at least one independent member who has no business, family or other relations with the issuer, majority shareholder or group of majority shareholders or members of the management or supervisory board of the issuer or majority shareholder.

##### **Article 104**

- (1) At least one members of the audit committee shall be independent of the issuer.
- (2) Audit committee members shall be deemed to be independent if they can be considered independent within the meaning of the Audit Act and other regulations governing the audit committee.

##### **Article 105**

- (1) The audit report must not contain modifications of the auditor's opinion (qualified opinion, negative opinion or abstention from opinion) prepared in accordance with the International Standards on Auditing or other globally acceptable standards.
- (2) The provision of paragraph 1 of this article shall apply even if semi-annual financial statements of the issuer have been audited.
- (3) If the total fees received by the statutory auditor or audit firm or, where applicable, by the auditor from the issuer in the last financial year exceed the threshold set in Article 4(3) of Regulation (EU) No 537/2014, the issuer shall disclose the outcome of the audit committee discussion of the threats to the independence

of the statutory auditor or audit firm or, where applicable, the group auditor and the safeguards applied to mitigate those threats and whether the audit engagement should be subject to an engagement quality control review by another statutory auditor or audit firm prior to the issuance of the audit report.

(4) The provisions of paragraphs 1 through 3 of this article shall also apply to the issuer which is required to prepare consolidated financial statements.

#### Article 106

If the application for admission to trading on the Prime Market relates to shares already admitted to trading on the regulated market, the issuer of such shares must not have any market protection measure imposed under the Exchange Rules for a period of 1 (one) year prior to the date of submission of the application for admission to trading on the Prime Market.

## 4. POST-LISTING OBLIGATIONS OF THE ISSUER

### 4.1 GENERAL PROVISIONS

#### Obligation of Public Disclosure of Information

##### Article 107

- (1) Following the listing / admission to trading 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) The issuer shall disclose to the public any information which is subject to the obligation of mandatory public disclosure under the provisions of the CMA, Regulation (EU) No 596/2014 and other regulations 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 must be disclosed by the issuer to the public in the form, content, manner and time frame specified in these Rules and other acts of the Exchange.
- (4) The issuer shall provide the information referred to in paragraphs 2 and 3 of this article simultaneously to the Exchange for the purpose of its public disclosure in electronic form in the manner to be specified by the Exchange.
- (5) The Exchange shall disclose the information referred to in paragraphs 3 and 4 of this article to the public on its website without delay.
- (6) Where transferable securities of the issuer have been admitted to trading 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 had such transferable securities admitted to trading on the regulated market without approval of the issuer, unless otherwise provided for in the CMA, Regulation (EU) No 596/2014 and these Rules.
- (7) Where units in an open-end investment fund have been admitted to trading 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 Part 4 of the Rules shall apply *mutatis mutandis* to the management company.
- (8) Any information provided by the issuer to the Exchange under 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 to perform the activities within the scope of its competence specified by the CMA, Regulation (EU) 596/2014 and other regulations, these Rules and other acts of the Exchange.

##### Article 108

- (1) The issuer shall provide to the Exchange any information deemed appropriate by the Exchange to protect investors and ensure orderly functioning of the market.

(2) If required for investor protection and orderly functioning of the market, the Exchange may request a response of the issuer with regard to any circumstances or facts relating to the financial instrument or to the issuer which affect or are likely to affect the price of the issuer's financial instruments and which are not derived from the information provided by the issuer to the Exchange earlier.

(3) The Exchange may request from the issuer to disclose the information set out in paragraphs 1 and 2 of this article, specifying the form and time frame of disclosure of such information.

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

#### Language

##### Article 109

(1) The issuer whose financial instruments have been admitted to trading on the regulated market shall disclose regulated information to the Exchange in the language specified by the provisions of the CMA.

(2) In addition to the language specified in paragraph 1 of this article, the issuer whose instruments have been admitted to trading on the Official Market and Prime Market shall simultaneously also provide the information in English.

(3) If the issuer provides the information in English under paragraph 1 of this article, it shall be deemed to have thus complied with the obligation referred to in paragraph 2 of this article.

#### Simultaneous Disclosure

##### Article 110

(1) When disclosing regulated information, the issuer shall act in a manner which does not place any person or segment of the public in a privileged position.

(2) When the issuer discloses 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 agreement.

#### Parallel Admission to Trading

##### Article 111

Where, in addition to the listing on the regulated market managed by the Exchange, financial instruments are also admitted to trading on another regulated market in the Republic of Croatia or 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 be required to simultaneously disclose the same information via the Exchange.

## Choice of Home Member State

### Article 112

The issuer whose financial instruments have been admitted to trading on the regulated market shall notify the Exchange without delay of the choice or change of choice of the home Member State with regard to the disclosure of regulated information.

## Choice of Official Register of Regulated Information

### Article 113

The issuer whose financial instruments have been admitted to trading on the regulated market shall notify the Exchange without delay of the choice of or intention to change the official register of regulated information.

## Choice of Media for Disclosure of Regulated Information

### Article 114

The issuer whose financial instruments have been admitted to trading on the regulated market shall notify the Exchange without delay of the choice of intention to change the media for disclosure to the public of regulated information.

## Insider List

### Article 115

- (1) At the request of the Exchange, the issuer shall provide to the Exchange a list of insiders 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 had transferable securities admitted to trading on the regulated market without approval of the issuer.
- (3) With regard to personal data of insiders contained in the insider list, the issuer warrants to the Exchange that: (i) all personal data provided relating to such persons are accurate and complete and that they have been collected on valid legal grounds for the processing; (ii) the purpose of the processing includes the exchange of personal data with the Exchange; (iii) the issuer has duly and transparently informed those persons of the rights of data subjects laid down in Regulation (EU) No 2016/679 and the Act implementing the General Data Protection Regulation.

## Exchange Fee

### Article 116

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 Admitted to Trading on the Regular Market**

#### **Article 117**

The issuer whose shares have been admitted to trading on the Regular Market shall provide to the Exchange any information which is subject to disclosure to the public 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 change.

#### **4.2.1.1 Annual General Meeting**

##### **Article 118**

(1) The issuer shall provide notice of its Annual General Meeting (AGM) to the Exchange in the time frame specified in the CA or 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 furnish 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 119**

(1) The issuer making a dividend (interim dividend) payment 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 disclosure to the public 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 decisions 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 specified 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 specified 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 provide the information referred to in paragraphs 1 and 2 of this article to the Exchange at least 2 (two) trading days prior to the ex date.

#### **4.2.1.3 Managers' Transactions**

##### **Article 120**

(1) The issuer shall provide 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 and Delegated Regulation (EU) No 2016/522.

(2) The notification referred to in paragraph 1 of this article shall contain personal data of any persons discharging managerial responsibilities within the issuer and persons closely associated with them. With regard to personal data concerned, the issuer warrants to the Exchange that: (i) all personal data provided relating to such persons are accurate and complete and that they have been collected on valid legal grounds for the processing; (ii) the purpose of the processing includes the exchange of personal data with the Exchange; (iii) the issuer has duly and transparently informed those persons of the rights of data subjects laid down in Regulation (EU) No 2016/679 and the Act implementing the General Data Protection Regulation.

(3) The Exchange shall disclose to the public personal data received referred to in paragraph 2 of this article on its website.

#### **4.2.1.4 Code of Corporate Governance**

##### **Article 121**

(1) The issuer whose shares have been admitted to trading 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 30 April each year, the issuer shall submit a questionnaire on compliance to the Exchange and shall also publish it on its website.

#### **4.2.2 Obligations of the Issuer of Debt Securities Admitted to Trading on the Regular Market**

##### **Article 122**

The issuer of debt securities admitted to trading on the Regular Market shall provide 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 change.

#### **4.2.2.1 Meeting of the Holders of Debt Securities**

##### **Article 123**

- (1) The issuer shall provide notice to the Exchange of a meeting of the holders of its debt securities simultaneously with notifying debt securities holders thereof, and not later than 5 (five) trading days prior to the date on which the meeting of its debt securities holders is to be held.
- (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 furnish to the Exchange without delay any resolutions and disclose information about the resolutions adopted at the meeting of debt securities holders.

#### **4.2.2.2 Corporate Actions**

##### **Article 124**

Any proposals for the resolutions and the resolutions adopted by the meeting of the issuer's debt securities holders shall be subject *mutatis mutandis* to the provisions of Article 119 (2 and 3) of these Rules.

#### **4.2.3 Obligations of the Issuer of Structured Products Admitted to Trading on the Regular Market**

##### **Article 125**

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

1. changes in characteristics of the structured product (e.g. change of its strike price, barrier, etc.),
2. the 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 Admitted to Trading on the Regular Market**

##### **Article 126**

The management company of an open-end investment fund with units admitted to trading on the Regular Market shall provide 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 change.



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

##### **Article 127**

- (1) The open-end investment fund management company shall disclose information on the number of units issued and on 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 each trading day before trading opens.
- (4) If the management company is unable to calculate the fund NAV and iNAV per unit, it shall promptly provide such information to the Exchange thereof and disclose it to the public.

#### **4.2.4.2 Information Concerning the Open-End Investment Fund**

##### **Article 128**

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

1. information on material changes in the prospectus, as well as changes in 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 in the time frame laid down in the 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 open-end investment fund under its management, where events likely to affect the fund operation are concerned, and any information of significance for investor protection and orderly functioning of the market.

#### **4.2.5 Obligations of the Issuer of Shares in a Closed-End Investment Fund Admitted to Trading on the Regular Market**

##### **Article 129**

- (1) The issuer of shares of a closed-end investment funds admitted to trading on the Regular Market shall provide 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 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.

#### **4.2.5.1 Net Asset Value and Net Asset Value per Share**

##### **Article 130**

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

#### **4.2.5.2 Information Concerning the Closed-End Investment Fund**

##### **Article 131**

The issuer shall promptly provide to the Exchange the following:

1. information on changes in the prospectus and changes in 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 in the time frame laid down in the CMA;
3. any other legal and business event in relation to the issuer and closed-end investment fund under its management, where events likely to affect the fund operation are concerned; and
4. any information of significance for investor protection and orderly functioning of the market.

## **4.3 OFFICIAL MARKET**

### **4.3.1 Obligations of the Issuer of Shares Admitted to Trading on the Official Market**

#### **Article 132**

- (1) The issuer of shares admitted to trading on the Official Market shall comply with any post-listing requirements laid down for the issuers whose shares have been admitted to Trading on the Regular Market and additional obligations laid down in this chapter of the Rules.
- (2) When issuing new shares of the same class as those already admitted to trading on the Official Market, except in the cases laid down by the provisions of the CMA, the issuer of shares shall admit each new share issue to trading on the Official Market.
- (3) The issuer shall notify the Exchange of each new issue of shares of the same class as those already admitted to trading on the Official Market, including in the notification any information required by the provisions of the CMA.
- (4) The information included in the notification referred to in paragraph 3 of this article shall be published by the Exchange on its website.

#### **4.3.1.1 Management and Supervisory Board Meetings**

#### **Article 133**

Article 133 shall be deleted.

### **4.3.2 Obligations of the Issuer of Debt Securities Admitted to Trading on the Official Market**

#### **Article 134**

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

#### **4.3.2.1 Management and Supervisory Board Meetings**

#### **Article 135**

Article 135 shall be deleted.

## **4.4 PRIME MARKET**

### **4.4.1 Obligations of the Issuer of Shares Admitted to Trading on the Prime Market**

#### Article 136

The issuer of shares admitted to trading on the Prime Market shall comply with any post-listing requirements laid down for the issuers whose shares have been admitted to trading on the Official Market and additional obligations laid down in this chapter of the Rules.

#### **4.4.1.1 Calendar of Events**

##### Article 137

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

1. the financial statements,
2. the AGM,
3. the dividend payment, and
4. other activities related 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 Information on Supervisory Board Independence**

##### Article 138

(1) The issuer shall disclose to the public information on the independent status of the supervisory board referred to in Article 103 of these Rules once a year, within the first eight months of the financial year.

(2) The issuer shall disclose each change with regard to the independence of the supervisory board referred to in paragraph 1 of this article immediately upon occurrence of such change.

#### **4.4.1.3 Information on Audit Committee Independence**

##### Article 139

(1) The issuer shall disclose to the public information on the independent status of the audit committee referred to in Article 104 of these Rules once a year, together with the publication of its annual report.

(2) The issuer shall disclose each change with regard to the independence of the audit committee referred to in paragraph 1 of this article immediately upon occurrence of such change.

#### **4.4.1.4 Presentation of the Annual Report**

##### **Article 140**

- (1) After their disclosure to the public or simultaneously with it, the issuer shall present its annual accounts in conferences to interested financial analysts and representatives of the media.
- (2) Information on the place, time and manner of presentation of the annual accounts shall be disclosed to the public by the issuer before the conference is held.

#### **4.4.1.5 Dividend Policy**

##### **Article 141**

The issuer shall develop and disclose to the public its dividend policy with all subsequent amendments thereto as soon as such change occurs.

#### **4.4.1.6 Audit Report and Auditor's Opinion**

##### **Article 142**

- (1) The audit report must not contain modifications of the auditor's opinion (qualified opinion, negative opinion or abstention from opinion) prepared in accordance with the International Standards on Auditing or other globally acceptable standards.
- (2) The provision of paragraph 1 of this article shall apply even if semi-annual financial statements of the issuer have been audited.
- (3) If the total fees received by the statutory auditor or audit firm or, where applicable, by the group auditor from the issuer in the last financial year exceed the threshold set in Article 4(3) of Regulation (EU) No 537/2014, the issuer shall disclose the outcome of the audit committee discussion of the threats to the independence of the statutory auditor or audit firm or, where applicable, to the group auditor and the safeguards applied to mitigate those threats and whether the audit engagement should be subject to an engagement quality control review by another statutory auditor or audit firm prior to the issuance of the audit report.
- (4) The audit committee discussion of the threats to the independence must be held for each year in which the amount of total fees received by the statutory auditor or audit firm or, where applicable, by the group auditor from the issuer exceeds the threshold set in Article 4(3) of Regulation (EU) No 537/2014.
- (5) The issuer shall submit any resolutions referred to in paragraph 3 of this article to the Exchange not later than the opening of trading on the following trading day.
- (6) The provisions of paragraphs 1 through 5 of this article shall also apply to the issuer which is required to prepare consolidated financial statements.

#### **4.5 SPECIFIC PROVISIONS FOR THE ISSUERS OF DEPOSITARY RECEIPTS**

##### **Article 143**

- (1) Depositary receipts may be admitted to trading in a particular segment of the regulated market in accordance with the provisions of the CMA, other regulations and these Rules concerning the listing / admission to trading of particular types of securities to which depositary receipts relate.
- (2) The issuer of securities to which depositary receipts relate shall comply with any disclosure obligations under the regulations applying to such issuers and comply with the obligations laid down in the CMA, Regulation (EU) No 596/2014 and other regulations, as well as additional obligations to disclosure information to the public laid down in these Rules.
- (2) The obligations 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 144**

- (1) The provisions of these Rules concerning the criteria for listing / admission to trading 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 SHARE TRANSITION AMONG REGULATED MARKET SEGMENTS**

##### **Article 145**

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

1. at the request of the issuer, person authorised by the issuer or person submitting the application for listing / admission to trading on the regulated market without consent of the issuer;
2. following a periodic or extraordinary review by the Exchange to determine whether the issuer and/or shares meet the criteria for admission to trading in a specific regulated market segment and/or whether the issuer complies with its post-listing requirements.

##### **4.7.1 Share Transition Among Regulated Market Segments at the Request of the Issuer or Person Authorised by the Issuer**

##### **Article 146**

- (1) The application for share transition among regulated market segments shall be submitted on a form of the content specified by the Exchange.
- (2) The application form shall be posted on the Exchange website.
- (3) In deciding on the application for transition among regulated market segments, the Exchange shall check whether the issuer or the shares meet the criteria for admission to trading in the regulated market segment in question laid down in these Rules.
- (4) On completing the verification procedure, the Exchange shall:
  1. reject the application – if the issuer or the shares do not meet the criteria for admission to trading in the regulated market segment for which it has been submitted or if such transition might compromise the standards of the segment in question;
  2. grant the application – if the issuer of the shares meet the criteria for admission to trading in the regulated market segment for which it has been submitted.
- (5) The Exchange shall specify the first day of trading in the resolution referred to in paragraph 4(2) of this article.

#### **4.7.2 Share Relegation to a Lower Regulated Market Segments Based on a Periodic or Extraordinary Review by the Exchange**

##### **Periodic Review**

##### **Article 147**

- (1) The Exchange shall perform a periodic review every 6 (six) months to check whether issuer complies with the post-listing requirements laid down in these Rules for the particular regulated market segment.
- (2) The periodic review in respect of the issuers whose shares have been admitted to trading on the Official Market includes a review of the criteria provided for in Article 96 of these Rules.
- (3) The periodic review in respect of the issuers whose shares have been admitted to trading on the Prime Market includes a review of the criteria provided for in Articles 99 through 106 of these Rules.
- (4) If the period review finds the issuer to be non-compliant the listing criteria and/or post-listing requirements laid down for a particular regulated market segment, the Exchange shall notify the issuer of the periodic review completed and request a response of the issuer within 8 (eight) days from the receipt of notification with regard to the circumstances and reasons for non-compliance with the obligations, as well as measures, actions and/or procedures it plans to undertake for the purpose of compliance with the listing criteria and/or post-listing obligations for the respective regulated market segment.
- (5) For the purpose of informing the investment public, the Exchange shall disclose to the public the issuer's response with regard to the measures, actions and/or procedures it plans to undertake for the purpose of compliance with the listing criteria and/or post-listing obligations.
- (6) On receipt of the issuer's response referred to in paragraph 5 of this article or before expiry of the time left for response, if the issuer provides none, the Exchange may:
  1. set a certain period of heightened observation of the issuer during which the issuer shall undertake certain measures, actions and/or procedures for the purpose of achieving compliance with the obligations laid down in these Rules;

2. adopt a resolution relegating the shares to a lower segment of the regulated market; or
  3. adopt a delisting resolution, as a measure to protect market integrity.
- (7) The Exchange shall adopt the resolutions referred to in paragraph 6 of this article not later than 60 (sixty) days from the date of the periodic review.

#### Article 148

- (1) The period of heightened observation of the issuer set out in Article 147(6)(1) of these Rules may not be longer than 6 (six) months.
- (2) When setting the period of heightened observation of the issuer, the Exchange shall place the issuer in the observation segment.
- (3) If the Exchange finds on expiry of the period of heightened observation that the issuer has failed to undertake measures, actions and/or procedures set out in the response referred to in Article 147(5) of these Rules, or in the event that the issuer fails to provide such response in accordance with Article 14(4) of these Rules or comply with its obligations laid down in these Rules while the issuer's shares are admitted to trading on the Official or Prime Market, the Exchange shall adopt a resolution relegating its shares to a lower regulated market segment at the very next periodic review.

#### Article 149

- (1) The Exchange shall publish a resolution relegating the shares to a lower regulated market segment on its website at least 10 (ten) trading days prior to the commencement of trading in the issuer's shares in a lower regulated market segment.
- (2) The Exchange shall specify the first day of trading in the lower regulated market segment in the resolution referred to in paragraph 1 of this article.
- (3) The resolution relegating the shares to the lower regulated market segment shall be sent by the Exchange to the issuer and HANFA.

#### Article 150

- (1) If the Exchange finds on expiry of the period of heightened observation that the issuer has failed to undertake measures, actions and/or procedures set out in the response referred to in Article 147(5) of these Rules, or in the event that the issuer fails to provide such response in accordance with Article 147(4) of these Rules or comply with its obligations laid down in these Rules while the issuer's shares are admitted to trading on the Regular Market, the Exchange shall adopt a resolution delisting its shares after 2 (two) consequent periodic reviews.
- (2) The Exchange shall adopt a delisting resolution in accordance with the provisions of Chapter 10.3.5 and Title 10.4 of these Rules, except if it finds that the delisting is likely to cause significant damage to investor's interests or the orderly functioning of the market.

#### Extraordinary Review

#### Article 151

- (1) The following circumstances shall constitute grounds for extraordinary relegation of shares to a lower regulated market segment:



1. the institution of pre-bankruptcy or bankruptcy proceedings,
  2. the institution of liquidation procedure,
  3. the institution of extraordinary administration procedure, or
  4. other extraordinary circumstance found by the Exchange to be likely to affect regular business of the issuer and its compliance with post-listing obligations or fair, orderly and efficient trading.
- (2) The Exchange shall publish a resolution relegating the shares to a lower regulated market segment in extraordinary procedure on its website at least 10 (ten) trading days prior to the commencement of trading in the issuer's shares in a lower regulated market segment.
- (3) The Exchange shall specify the first day of trading in the lower regulated market segment in the resolution referred to in paragraph 2 of this article.
- (4) The resolution relegating the shares to the lower regulated market segment in extraordinary procedure shall be sent by the Exchange to the issuer and HANFA.

## **4.8 REGULATED MARKET DELISTING**

### **Article 152**

Delisting may occur:

1. by resolution of the AGM on delisting from the regulated market;
2. by decision of HANFA, 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 of the issuer;
8. by dissolution of the issuer;
9. by cessation of the financial instrument;
10. at the request of another person, in accordance with the provisions of a regulation governing the resolution of credit institutions and investment companies; or
11. in other cases provided for in special regulations.

### **4.8.1 Request for Regulated Market Delisting**

#### **Article 153**

(1) A request for delisting shall be deemed orderly if submitted by an authorised person, duly signed by an authorised person and accompanied by all requisite documents and/or information and those requested by the Exchange.

(2) If the request for delisting has not been submitted by the authorised person, duly signed by the authorised person, or if not all requisite documents and/or information and those requested by the Exchange which are necessary for deciding have been enclosed, the Exchange shall reject such request.

#### **4.8.2 Resolution on Regulated Market delisting**

##### **Article 154**

(1) A resolution on regulated market delisting shall be adopted by the Exchange within the time frame laid down in the CMA and other regulations or in these Rules and other acts of the Exchange, that is, not later than 30 (thirty) day from the date of receipt of the request for delisting and, in exceptional cases, within 60 (sixty) days.

(2) The Exchange shall specify the last day of trading in the financial instrument in the resolution referred to in paragraph 1 of this article.

(3) The resolution referred to in paragraph 1 of this article shall be sent by the Exchange to HANFA without delay and published on the Exchange website.

(4) The agreement to admit the financial instrument to trading on the regulated market shall also cease to have effect as at the day of its delisting.

##### **AGM Resolution on Regulated Market Delisting**

##### **Article 155**

(1) In the case referred to in point 1 of Article 152 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 to the Exchange a request for share delisting from the regulated market, 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 shall delist the shares from the regulated market on the following trading day after receiving the resolution or on expiry of a certain 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 shall delist the shares from the regulated market on expiry of 6 (six) months from the date of the entry of the resolution in the court register.

(4) Where the shares are listed / admitted to trading 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.

##### **Maturity or Early Redemption of the Financial Instrument**

##### **Article 156**

In the case referred to in Article 152(3) of these Rules, the Exchange shall adopt a decision on the same or the following trading day after receiving information from the issuer or from the central depository, or

from the central register whose services include the relevant financial instrument, concerning the execution of a corporate action relating to maturity or early redemption.

Delisting in the Cases Set out in the Prospectus or Other Documents Related to Listing / Admission to Trading

Article 157

In the case referred to in point 4 of Article 152 of these Rules, the Exchange shall adopt a delisting resolution based on the information contained in the prospectus or other documents related to the listing / admission to trading.

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

Article 158

- (1) In the case referred to in point 5 of Article 152 of these Rules, the Exchange shall generally adopt a delisting resolution in Chapter 4.7.2 of these Rules, unless circumstances of the case dictate otherwise.
- (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 Chapter 10.3.5 and Title 10.4 of these Rules.
- (3) In the case referred to in paragraph 1 of this article, delisting will occur on expiry of 1 (one) month from the date of adoption of the delisting resolution, unless circumstances of the case dictate otherwise.

Bankruptcy of the Issuer

Article 159

- (1) In the case referred to in point 6 of Article 152 of these Rules, the Exchange shall 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 date 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

Article 160

- (1) In the case referred to in point 7 of Article 152 of these Rules, the request for delisting shall be submitted by the liquidator.
- (2) The provisions of Articles 155 of these Rules shall apply *mutatis mutandis*.

Dissolution of the Issuer or Cessation of the Financial Instrument

Article 161

In the case referred to in points 8 and 9 of Article 152 (1) 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 162

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

## 5. TRADING

### 5.1 GENERAL PROVISIONS

#### Scope

##### Article 163

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

#### Calendar of Trading Days and Trading Hours

##### Article 164

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

#### Temporary Change of Trading Hours

##### Article 165

- (1) In the event of circumstances specified in Article 184(1)(1) to (4) of 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 185 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 Procedures

##### Article 166

The trading system allows the following trading procedures:

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

## Trading Sessions

### Article 167

- (1) Trading represents a period within a trading day during which, depending on the trading procedure and session, orders and bid and ask quotes may be entered, modified and cancelled in the trading system and transactions may be concluded through the Exchange trading system.
- (2) Trading consists of the following consequent sessions:
  1. pre-trading,
  2. main trading and
  3. post-trading.
- (3) The beginning and the end of each trading session in a particular trading model/procedure shall be specified by the Exchange in a manual.
- (4) The trading system shall not be accessible to member firms between the end of post-trading and the beginning of pre-trading.

## Pre-Trading

### Article 168

- (1) During pre-trading, all members can enter new orders and modify and cancel existing orders, and the market makers may enter and cancel bid and ask quotes.
- (2) In continuous trading and low liquidity trading, members shall have no access to the order book as it remains closed during the pre-trading session. The only information displayed shall be the closing price (close) of the previous trading day, if available.
- (3) In continuous auction, the order book shall be open for members to see a minimum of 10 aggregated orders, depending on the selected service model. The only information displayed shall be the closing price (close) of the previous trading day, if available.

## Main Trading

### Article 169

- (1) After the end of pre-trading begins the main trading session, during which transactions are concluded according to the rules applicable to the procedure of trading in a particular financial instrument.
- (3) The main trading session in continuous trading and low liquidity trading shall consist of the opening auction, continuous trading, the closing auction and trades at the closing auction price (trade at close). Continuous trading shall be interrupted at a specific time in order for the intraday auction to begin.
- (3) The main trading session in continuous auctions shall take place via auctions. Each of these auctions shall consist of a pre-call phase, an optional call phase and price determination.

## Post-Trading

### Article 170

- (1) The post-trading session shall begin after main trading ends.
- (2) Members shall have no access to the order book as it remains closed during post-trading. The only information displayed shall be the close.
- (3) During the post-trading session, all member firms except market makers may enter new orders and modify and cancel existing orders.

## Orders

### Article 171

(1) The type of orders which may be used in a particular trading procedure shall be specified by the Exchange. Depending on the trading model/procedure, members may enter the following types of orders in the trading system:

1. in continuous trading and low liquidity trading, the orders specified in Article 188 of these Rules;
  2. in continuous auctions, the orders specified in Article 219 of these Rules.
- (2) Each order and transaction shall be assigned an identification code by the trading system.
- (3) Members shall receive a confirmation of any orders entered through the trading system and a confirmation of its execution as soon as a transaction occurs.
- (4) Various types of trading system access may enable member firms to use other types of orders in addition to those set out in Articles 188 and 219 of these Rules, as well as their non-mandatory elements. On the actual entry in the trading system, these 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, the types of orders available and their non-mandatory elements, an order shall be deemed to have been received by the Exchange at the time of its input from the interface in the Exchange trading system with requisite order characteristics, as laid down in these Rules.

### Article 172

- (1) The tick size for shares, depositary receipts and exchange traded funds (units in ETFs) shall be specified by the Exchange, in accordance with Delegated Regulation (EU) No 2017/588.
- (2) The tick size for other financial instruments except those referred to in paragraph 2 of this article may also be specified by the Exchange.
- (3) The minimum trading lot for certain financial instruments or groups of instruments may be specified by the Exchange.
- (4) Orders and quotes entered in the trading system by the member firm must be compliant with paragraphs 1 through 3 of this article.

## Order Time Stamp

### Article 173

- (1) The time stamp, on which the priority of order execution depends, shall be assigned to each order by the trading system.
- (2) The order time stamp shall change in the following cases:
  1. price change;
  2. increase in volume;
  3. activation of a stop order;
  4. activation of trading session limits;
  5. extension of order time validity.
- (3) Where other elements of the order change, the order time stamp shall remain unchanged.

## Order Management

### Article 174

- (1) Member firms shall execute orders and bid and ask 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 shall include the order entry, modification and cancellation.
- (3) The trading system order management allows certain combinations of different types of orders and of the terms of their execution, where limits in order management are related to the trading procedure, trading session and auction session, as well as to functionalities of the interface used by the member firm.

## Order Cancellation

### Article 175

- (1) The Exchange shall cancel all order book orders for a particular financial instrument in the event of:
  1. delisting of the financial instrument;
  2. order of authorised state authorities;
  3. change in the trading or settlement currency;
  4. change in the method of accrued interest calculation;
  5. change in the minimum trading lot;
  6. change in the nominal amount of debt securities;
  7. abolishment of the order type;
  8. change in the liquidity category used to set the tick size;
  9. corporate actions (such as, for instance, stock split, merger or acquisition, etc.) prompting changes in financial instruments; and
  10. temporary trading suspension longer than 10 (ten) trading days.
- (2) In the event of a temporary trading suspension of a financial instrument, the Exchange shall cancel only non-persistent orders and market maker quotes in the order book.
- (3) Where a member is suspended or in the event of membership termination by exclusion, the kill button activation at the request of the clearing system, and if access of a member firm to the trading system is



disabled at its request for justified reasons, the Exchange shall cancel only the orders of the respective member in the order book.

(4) 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, where the amount of bond principal changes or the financial instrument is assigned a new code, before a trading system upgrade, disaster recovery by the provider of the trading system service and other similar events or where it finds this to be warranted in the interest of investor protection or orderly functioning of the market.

(5) Where it believes that the events referred to in paragraphs 1 and 4 of this article could have a major impact on the price of the financial instrument, depending on the circumstances of the specific case, the Exchange may adjust the reference price of the financial instrument.

(6) The Exchange shall notify member firms of all measures and activities it decides to undertake in accordance with paragraph 4 of this article.

#### Article 176

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 177

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

#### Transaction

##### Article 178

(1) A transaction shall be made 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 procedure.

(2) As the transaction occurs, the orders which are matched to result in the transaction shall be filled in whole or in part.

(3) The provisions of these Rules and other Exchange acts relating to trading in financial instruments are also deemed to constitute an integral part of the legal transaction concluded by executing 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 179

Financial instruments in the transaction shall be those listed / admitted to trading on the regulated market to which both orders refer.

## Price

### Article 180

- (1) The prices of financial instruments shall be determined automatically by the trading system, in accordance with the rules applicable to a particular trading procedure, and considered regulated market prices.
- (2) The prices of interest bearing financial instruments shall be 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 181

- (1) The transaction venue shall be 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 182

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 183

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

## Market Halt

### Article 184

(1) In the event of circumstances relating to the subject of the transaction, the issuer of the financial instrument, investors, member firms, clearing and/or settlement system operator or to the storage of trading data and those likely to:

1. affect the price formation or the movement of prices reached on the Exchange;
2. infringe on the legitimacy of transaction conclusion or its clearing and/or settlement;
3. compromise the position or the interests of the Exchange; or
4. otherwise compromise the interest of issuers and investors,

and where such circumstances are subject to any conditions provided for by law, the Exchange may halt the market.

(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 events constituting *force majeure*, as well as any technical or other event (difficulties in the

operation of the trading system, access data networks used for the exchange of data between a member firm's trading system and the trading system, etc.) which are likely to compromise, hamper or prevent trading or transaction clearing and/or settlement.

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

(4) The information on trading interruptions shall be published by the Exchange immediately on its website and notified to members and HANFA.

(5) A resumption of trading interrupted under paragraphs 1 and 2 of this article shall be notified by the Exchange to member firms, HANFA and the public.

#### Trading Interruption Due to Extraordinary Market Volatility

##### Article 185

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

1. before 13:00 hours, for one (1) hour,
2. at or after 13:00 hours, for thirty (30) minutes.

(2) Where the CROBEX® index falls again by 10% or more compared to its last value on the previous trading day at or after 13:00 hours, trading shall 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 shall be interrupted until the end of the trading day.

(3) Information on trading interruptions shall be published by the Exchange on its website and provided to HANFA.

(4) The resumption of trading interrupted under paragraphs 1 and 2 of this article shall be notified by the Exchange to member firms, HANFA and the public.

##### Article 186

The provisions of Articles 184 and 185 of the Rules shall be without prejudice to the right of the Exchange to temporarily halt trading in a particular financial instrument or type of financial instruments in a particular trading procedure or regulated market segment, in accordance with the provisions of the CMA, other regulations and these Rules.

#### Liability of the Exchange

##### Article 187

(1) The Exchange shall not be liable to member firms or third parties for any actual loss, indirect damage such as the loss of profit, non-material or non-pecuniary damage, costs, loss of data or claims by third parties, incurred as a result of 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, the member firm's trading system, data connection or the trading system;
2. failures, data loss or modification, failure to conclude expected deals and/or in other manner, occurring due to the use or attempted use of the computer equipment of the member firm or of

the Exchange, the member firm's trading system, data connection or the 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, the member firm's trading system, data connections or the trading system, and which directly or indirectly prevents fair, orderly and efficient trading;
4. the use of the computer equipment of the member firm or of the Exchange, the member firm's trading system, data connections or the trading system in a 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.

(2) In any other cases except those defined in the preceding paragraph, the Exchange liability for damage incurred as a result of ordinary negligence, which may arise out of or in connection with these Rules, shall be limited to proven actual loss; the liability for any loss of profit, non-material damage, loss of data, indirect damage or claims by third parties shall be excluded.

## **5.2 Continuous Trading and Low Liquidity Trading**

### **5.2.1 Types of Orders**

#### Article 188

(1) In the continuous trading procedure and low liquidity trading procedure, the trading system supports the following types of orders:

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

#### Limit and Market Order

#### Article 189

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

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

## Iceberg Order

### Article 190

- (1) An iceberg order is an order with two parameters related to the quantity of financial instruments, namely, their overall volume and the initial peak size. On entering the order in the trading system, the member firm may state two additional parameters: the minimum and the maximum peak size so that, when the peak size is substituted, it may be determined as a random number.
- (2) Only the peak size is available in the order book during continuous trading.
- (3) When the peak size drops to 0, it is automatically substituted to the full peak size or available amount from the overall volume, and the order is assigned a new time stamp. Where a member firm states the minimum and the maximum peak size, the new peak size value is determined as a random number between the minimum and the maximum. If neither the minimum nor the maximum peak size is stated, the peak size value on substitution is equal to the initial peak value.
- (4) In the iceberg order entry in continuous trading, not only peak size but the overall volume is taken into account, so the maximum clearing volume is executed in a single transaction. Only the peak size of the iceberg order found in the order book is included in transaction making.
- (5) Where the order is partially filled, the last unexecuted portion of peak size may be smaller than the peak size amount stated when 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 is assigned a new time stamp.
- (8) For the duration of auctions (opening auction, intraday auction, closing auction or volatility interruption), iceberg orders are displayed with their overall volume stated. If the iceberg order is not filled in full during the auction, its peak size shall be displayed when passing to the continuous trading session.
- (9) The parameters for iceberg order entry shall be specified by the Exchange in a manual.

## Stop Order

### Article 191

Two types of stop orders are available in the trading system for quoting in the order book 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 which may 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 which may be filled immediately.

## Market Maker Quote

### Article 192

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

#### Article 193

With regard to the limits on time validity, orders may be:

1. good-for-day – an order is valid until the end of the trading day on which it is entered;
2. good-till-date – an order is valid until the set date;
3. good-till-cancelled – an order is valid until it is cancelled.

#### Article 194

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

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

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

1. Book-or-Cancel (BOC) – the order enters the order book for the purpose of its passive execution. If aggressive execution is possible, the order is cancelled without entering the order book. BOC orders are cancelled at the beginning of an auctions, during which the entry of this type of order is not possible.

#### Article 195

With regard to trading session limits, orders 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 for the duration of the opening auction only;
2. intraday auction only – the order may be filled for the duration of the intraday auction only;
3. closing auction only – the order may be filled for the duration of the closing auction only;
4. auction only – the order may be filled during opening auctions, intraday auctions and closing auctions.

#### Article 196

(1) With regard to persistence in the order book, orders may be entered in the trading system in the form of:

1. a persistent order – the order is not cancelled in the order book in the event of a trading system interruption or market halt;
2. a non-persistent order – the order is cancelled in the order book in the event of a trading system interruption or market halt.

(2) After the order enters the order book, it is impossible to change the order element determining its persistence.

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

## Mandatory Order Elements

### Article 197

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

1. type of the 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. client identification code, on the entry of orders for the client's account;
9. identification code of the person or computer algorithm responsible for investment decision, in orders for the member's account;
10. identification code of the person or computer algorithm responsible for execution of a transaction;
11. code denoting liquidity provision activity;
12. account type.

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

(3) The entry method of the elements set out in paragraph 1 shall be specified by the Exchange, in accordance with Delegated Regulation (EU) No 2017/580.

(4) With regard to data referred to in paragraph 1(8) of this article, which may be considered personal data of the data subject, the member firm warrants to the Exchange that it has regulated its mutual relations with the client in a manner allowing unhindered provision of the data concerned to the Exchange. With regard to data referred to in paragraph 1(9-10) of this article, which is considered personal data of the data subject, the member firm warrants to the Exchange that: (i) all personal data provided relating to such persons are accurate and complete and that they have been collected on valid legal grounds for the processing; (ii) the purpose of the processing known to such persons with regard to their personal data includes the exchange of personal data with the Exchange for the purpose defined in this article; (iii) the member firm has duly and transparently informed those persons of the rights of data subjects laid down in Regulation (EU) No 2016/679 and the applicable Act implementing the General Data Protection Regulation.

(5) Personal data referred to in paragraph 4 of this article shall be collected and processed by the Exchange for the purpose of fulfilment of the legal obligations to which the Exchange is subject.

(6) In accordance with applicable regulations governing archival records and archives, the Exchange is a designated creator of archival and register records and, in accordance with the Special List of Archival and Register Records approved by the Croatian State Archives, it has the obligation to keep the data referred to in this article permanently.

## Non-Mandatory Order Elements

### Article 198

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

1. order time validity;
2. execution limit;
3. trading session limits;
4. settlement account number;
5. minimum and maximum peak size, in iceberg orders;
6. internal order designation of the member firm;
7. an indication of the order's participation in the trade at close.

(2) In addition to the elements set out 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 199**

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

1. shares and other securities equivalent to shares which represent a share in the capital or shareholders' rights in a company, as well as depositary receipts in respect of shares;
2. bonds and other types of securitised debt, also including depositary receipts in respect of securities;
3. money market instruments;
4. units in collective investment undertakings: share in closed-end investment funds and units in open-end investment funds.

#### **Article 200**

(1) The main trading session in the continuous trading procedure consists of the following:

1. opening auction,
2. continuous trading,
3. intraday auction,
4. closing auction and
5. trade at close.

(2) The duration of particular sessions referred to in paragraph 1 of this article shall be specified by the Exchange in a manual.

### **5.2.2.1 Opening Auction**

#### **Article 201**

(1) The opening auction consists of two phases:

1. a call phase and
2. price determination.



(2) All valid orders 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 202

(1) During the call phase, members can enter new orders, modify and cancel existing orders, while market makers can enter and cancel bid and ask quotes.

(2) The order book is open during the call phase, allowing members to see a minimum of 10 aggregated orders, 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) Once a predefined call phase time expires, it is followed by a variable ending of predefined duration.

#### Price Determination

##### Article 203

The call phase is followed by price determination, in accordance with the provisions of Article 217 of these Rules.

### **5.2.2.2 Continuous Trading**

##### Article 204

(1) Once the opening auction ends, it is followed by continuous trading.

(2) The order book is open during continuous trading, allowing members to see a minimum 10 aggregated orders, depending on the selected service model.

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

(4) Transactions shall be concluded in accordance with the provisions of Article 218 of these Rules.

### **5.2.2.3 Intraday Auction**

##### Article 205

(1) At a predefined time, continuous trading ends and the intraday auction begins.

(2) The beginning and duration of the intraday auction shall be specified by the Exchange in a manual.

(3) The intraday auction consists of two phases:

1. a call phase and
2. price determination.

(4) The intraday auction has the same characteristics as the opening auction.

(5) Continuous trading will resume after the intraday auction ends.

#### **5.2.2.4 Closing Auction**

##### **Article 206**

- (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.

#### **5.2.2.5 Trade at Close**

##### **Article 206.a**

Following the closing auction, trade at close shall be initiated only for those financial instruments that were traded in that auction.

#### **5.2.3 Low Liquidity Trading**

##### **Article 207**

- (1) The low liquidity trading procedure is used for shares or other securities equivalent to shares which represent an interest in the capital or shareholders' rights in a company, as well as depositary receipts in respect of shares which do not meet predefined liquidity criteria.
- (2) Low liquidity trading shall take place in the manner described in Articles 200 through 206.a of these Rules.

##### **Article 208**

- (1) Shares shall be classified by the Exchange for low liquidity trading every 6 (six) 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 shares which meet the liquidity criteria specified in Article 210 of these Rules for continuous trading even before the expiry of 6 (six) months.
- (3) Numerical criteria for the share classification for low liquidity trading shall be specified by the Exchange in a manual and published on its website.

##### **Article 209**

- (1) The Exchange shall specify a list of shares to be traded in the low liquidity share trading procedure on the first Friday following the end of each half-year, based on data for the first 6 (six) months.
- (2) The list of shares for low liquidity trading shall be sent by the Exchange to members firms and published on its website.
- (3) Low liquidity trading shall commence on the next trading day after the list referred to in paragraph 2 of this article is published on the Exchange website.

### **5.2.3.1 Fast Transition to Continuous Trading**

#### **Article 210**

- (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 included in the low liquidity trading procedure 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 shall check whether any shares included in low liquidity trading meet the criteria for a fast transition to continuous trading.
- (4) Notification of a particular share's fast transition to continuous trading shall be submitted by the Exchange to member firms and published on its website.
- (5) Continuous trading shall commence on the next trading day after notification referred to in paragraph 4 of this article is published on the Exchange website.

### **5.2.4 Mechanisms to Manage Volatility**

#### **5.2.4.1 Volatility Interruptions**

#### **Article 211**

- (1) Volatility interruptions are among the mechanisms to manage volatility which contribute to preventing sudden price fluctuations and guarding against erroneous order entry.
- (2) Volatility interruptions are applied in both continuous trading and low liquidity trading.
- (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 212**

- (1) A 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 a predefined limit of price change. The reference price for dynamic limits shall be the price of the last transaction in continuous trading and/or in 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 a predefined static limit of price change. The reference price for static limits shall be the price of the last transaction in an auction (opening auction, intraday 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 shall 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 determination follows and transactions are made;
2. outside the limit of extended volatility interruption, extended volatility interruption follows.

#### Auction Volatility Interruption

##### Article 213

(1) If, at the end of the call phase of an auction, the indicative price at which transactions would be made in that auction exceeds the dynamic and/or static limit of price change, the volatility interruption shall be triggered automatically.

(2) The volatility interruption results in an extended call phase, during which members may enter new orders, modify or cancel existing orders. The call phase with a variable ending ends on expiry of the extension time.

(3) Where, at the end of the volatility interruption, the indicative transaction price still lies outside dynamic and/or static limits but within extended volatility Interruption limits, prices shall be determined and transactions made.

(4) The volatility interruption functioning described in paragraphs 1 and 3 of this article shall apply to low liquidity trading, opening, intraday and closing auction.

#### Continuous Trading Volatility Interruption

##### Article 214

(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 procedure by interrupting continuous trading, after which an auction begins.

(3) The auction consist of a call phase and price determination.

(4) Once a predefined call phase time expires, it is followed by a variable ending.

(5) Where, at the end of the volatility interruption, the indicative transaction price still lies outside dynamic and/or static limits but within extended volatility Interruption limits, prices shall be determined and transactions made.

#### **5.2.4.2 Extended Volatility Interruption**

##### Article 215

(1) Where the indicative transaction price lies outside the extended volatility interruption limits at the end of the volatility interruption, no transactions shall be made and the duration of the volatility interruption shall be extended by a predefined time.

- (2) The extended volatility interruption limit shall be determined by the Exchange in relation 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) Once the extended volatility interruption ends, prices shall be determined and transactions made.
- (5) Where the order book is no longer crossed during the extended volatility interruption, the extended volatility interruption shall end immediately.

#### **5.2.5 Pre-Trade Controls**

##### **Article 216**

- (1) The trading system shall enable the following pre-trade controls:
  - 1. price collars,
  - 2. maximum order value and
  - 3. maximum order volume.
- (2) The thresholds referred to in paragraph 1 of this article shall be specified by the Exchange in a manual.
- (3) The exchange may approve orders larger than the thresholds referred to in paragraph 2 of this article in exceptional circumstances on a temporary basis.

#### **5.2.6 Price Determination**

##### **5.2.6.1 Auction Price Determination**

##### **Article 217**

- (1) Auction price shall be determined according to the order book status 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 shall also be taken into account:
  - 1. if there is a bid surplus side for all prices, the auction price shall be equal to the highest price;
  - 2. if there is an ask surplus side for all prices, the auction price shall be equal to the lowest price.
- (3) If the auction price cannot be determined based on the surplus, the reference price shall be taken as an additional criterion. Such situation 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 shall be further considered. In both cases, the auction price shall be determined using the reference price as follows:
  - 1. if the reference price is greater than or equal to the highest price, the auction price shall be equal to the highest price;

2. if the reference price is smaller than or equal to the lowest price, the auction price shall be equal to the lowest price;
  3. if the reference price lies between the highest and the lowest price, the auction price shall be equal to the reference price.
- (5) If the order book contains only market orders, transactions shall 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 shall be displayed, if available.
- (7) The price determination method described in paragraphs 1 through 6 of this article shall apply to the auction procedure, the opening, intraday and closing auction, and volatility interruption.

#### **5.2.6.2 Continuous Trading Price Determination**

##### **Article 218**

- (1) Each newly entered market order or limit order shall be compared with pre-entered orders on the other side of the order book to see if orders can be filled and one or several transactions made.
- (2) The orders shall be executed according to the priority 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 shall have priority.
- (5) Depending on the order book status, orders may be filled in full, partially, in one or several steps, or they cannot be filled at all, which may result in the conclusion of one or several transactions. Orders which are not filled or which are filled partially shall remain in the order book, ranked according to the priority determined by the order price and time stamp.
- (6) In addition to the order price and time stamp, the priority in order execution shall also be determined according to the following rules:
  1. If a market order or a limit order enters the order book with only limit orders on the other side, the price shall be determined according to the highest bid order or the lowest sell order.
  2. If a market order or a limit order enters the order book with only market orders on the other side, the order shall be filled at the reference price and possible volume.
  3. (a) If a market order enters the order book with both market and limit orders on the other side; or  
(b) if a limit order enters the order book with only market orders on the other side; or  
(c) if a limit order enters the order book with both market and limit orders on the other side,
 then the order entered shall 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 shall be made at the price which is equal to or higher than the reference price (the highest possible order price); if market orders appear on the sell side of the order book, transactions shall be made at the price which is lower than or equal to the reference price (the lowest possible order price).
- (7) Any market orders entered in the order book which have not yet been filled must be filled immediately in the following transaction, where possible. In doing so, the following principle shall apply in continuous trading:

1. orders shall be filled at the reference price, where it does not undermine the order price and time stamp priority;
2. If orders cannot be filled at the reference price, their execution according to the priority determined by the price and time stamp shall 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 shall be determined by the order book price or according to the price of the order entered.

#### **5.2.6.3 Determination of the price during trade at close**

##### **Article 218.a**

- (1) In trade at close, all orders shall be executed at a single price, the price achieved in the closing auction.
- (2) The execution of orders shall be determined according to the priority based on the time stamp of the order.

### **5.3 Continuous Auctions**

#### **5.3.1 Types of Orders**

##### **Article 219**

- (1) In the continuous auctions procedure, the trading system supports the following types of orders:
  1. a limit order;
  2. a market order;
  3. a stop order;
    - (a) a stop market order;
    - (b) a stop limit order;
  4. market maker quote:
    - (a) a standard quote;
    - (b) a matching quote – it ends the order entry phase;
    - (c) a price without turnover (PWT) – it serves to set the reference price; and
    - (d) an indicative quote.
- (2) In continuous auctions, the orders set out in paragraph 1 of this article shall have the same characteristics as those set out in Chapter 5.2.1 of these Rules, except where provided for otherwise in this chapter.
- (3) Orders and stop orders enter the trading system only as persistent orders, while a market maker quote shall always be non-persistent.
- (4) In continuous auctions, only the time limit may apply to orders, while other limits are not applicable.

##### **Stop Order**

##### **Article 220**

- (1) Stop orders in continuous auctions shall be activated on the basis of market maker quotes.
- (2) A buy stop order shall be activated when the ask limit of the quote is equal to or higher than the price of activation.
- (3) A stop loss order shall be activated when the bid limit of the quote is equal to or lower than the price of activation.
- (4) Stop orders shall always be assigned a new time stamp on their activation.
- (5) Market and limit orders entered in the order book as a result of a stop order activation shall be available for execution in the current auction and may be filled immediately.

#### Market Maker Quote

##### Article 221

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

#### Standard Quote

##### Article 222

- (1) A standard quote may only be entered during pre-trading and in 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 223

- (1) A matching quote may be entered during pre-trading, in the pre-call and call phase to initiate a 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 224

- (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:
  1. if a market maker's bid price is equal to the ask price, the reference price shall be equal to the market maker's bid price;



2. if a market maker's bid price is lower than the ask price, the reference price shall be equal to the market maker's bid price.
- (4) This quote shall remain entered in the order book.

#### Indicative Quote

##### Article 225

- (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) Where buy and sell orders are crossed with an indicative quote present, the trading system shall pass from the pre-call phase to the call phase, in which the market maker is asked to enter a matching quote.
- (5) An 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 226

- (1) On quote entry in the trading system, the following elements shall be mandatory:
  1. type of the quote,
  2. bid price,
  3. ask price,
  4. ticker (identifier) 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 out in paragraph 1 of this article cannot be entered in the trading system.

### **5.3.2 Continuous Auctions**

##### Article 227

The continuous auctions procedure shall be used for trading in structured products.

##### Article 228

- (1) The main trading session in the continuous auctions procedure shall take place via auctions.
- (2) Each auction shall consist of a pre-call phase, an optional call phase and price determination.

#### **5.3.2.1 Pre-Call Phase**

##### Article 229

- (1) All member firms may enter new orders, and modify and cancel existing orders during the pre-call phase. Similarly, market makers may enter and cancel bid and ask market maker quotes.
- (2) All members, including the market maker, may see a minimum of 10 aggregated orders, 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 there is a market maker quote in the order book with a defined price collar; and
  1. where there is a crossed order book within the market maker's price range, but it does not result in partial order execution; or
  2. where there is a crossed order book at the market maker's bid or ask prices, but it does not result in partial order execution.
- (4) A transition from the pre-call phase to the call phase shall occur:
  1. where there is a crossed order book or a market order entered, but there are no 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 a stop order activation price 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 shall remain in the pre-call phase throughout the main trading session.

#### **5.3.2.2 Call Phase**

##### **Article 230**

- (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 a minimum of 10 aggregated orders, depending on the selected service model. The price of the last transaction is also displayed.
- (3) The call phase shall have no defined minimum duration, but its duration shall depend on the response time of the market maker and on the liquidity of a particular structured product.
- (4) The call phase shall have 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 price determination shall be possible where there is a market maker quote in the order book; and
  1. where the orders may be filled in full; 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 shall occur:
  1. where there is no crossed order book any longer because of a modification in 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 231

Price determination shall 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 232

- (1) The auction price shall always be determined within the market maker's price range.
- (2) The auction price shall be determined according to the order book status at the end of the call phase, under a 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 shall 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), the auction price shall 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), the auction price shall be equal to the lowest price.
- (5) If the auction price cannot be determined based on the surplus, the midpoint price of possible price shall 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 shall 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 Cross Request

#### Article 233

- (1) A cross request may be used during continuous trading in the continuous trading procedure and during low liquidity trading for financial instruments referred to in paragraph 3 of this article.
- (2) A cross request notice must contain the ticker and quantity of the financial instrument.
- (3) Orders announced in the cross request must be entered in the order book
  - (a) for shares and ETFs - at the earliest 40 (forty) seconds and at the latest 90 (ninety) seconds,
  - (b) for bonds and money market instruments - at the earliest 60 (sixty) seconds and at the latest 180 (one hundred and eighty) seconds,after the cross request notice is published through the trading system;
- (4) The minimum value of the orders for the financial instruments referred to in paragraph 3 of this article at the time of placing must be equal to at least EUR 13,000.00.
- (5) The orders referred to in paragraph 3 of this article shall be subject to the applicable tick size to be specified by the Exchange under Article 172(1) and (2) of these Rules.

(6) The quantity of the financial instruments in the orders referred to in paragraph 3 of this article must correspond to the quantity of the financial instruments set out in the cross request notice.

(7) The manner of notifying the Exchange of the orders referred to in paragraph 3 of this article shall be specified by the Exchange in a manual.

## **5.5 Block Trades**

### **Article 234**

(1) Financial instruments in a block trade may be those listed / admitted to trading 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 235**

(1) Block trades may be done at prices which lie outside dynamic and/or static limits or extended volatility interruption limits by applying the tick size regime specified by the Exchange.

(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.

(3) Block trades of a lower value than the minimum fill size specified by the Exchange are not permitted.

(4) Block trades are subject to pre-trade controls relating to the maximum order value and the maximum order volume.

### **Article 236**

(1) Block trades shall be done by an exchange of messages through the trading system.

(2) A block trade may be done from the beginning of the pre-trading phase until the beginning of the post-trading phase.

(3) Block trades cannot be done if trading in the financial instrument has been suspended.

## **5.6 Short Selling**

### **Article 237**

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

### **Article 238**

(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 239

Cumulative short selling volume and turnover in respect of each financial instrument shall be published by the Exchange on its website once a month.

## **6. CLEARING AND/OR SETTLEMENT**

### **Article 240**

- (1) The clearing and/or settlement of individual and/or all transactions in financial instruments concluded on the regulated market shall be done in accordance with the rules and instructions of the clearing and/or settlement system chosen by the Exchange, in accordance with the provisions of the CMA and other regulations.
- (2) The Exchange shall notify member firms and the public of its choice of the system for the clearing and/or settlement of individual and/or all transactions concluded on the regulated market through its website promptly after receiving HANFA's approval.

### **Use of the Kill Functionality at the Request of the Clearing System**

#### **Article 241**

- (1) The Exchange may enable the use of a kill functionality 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 shall cancel 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 use of the kill functionality as specified in the clearing system rules.
- (4) At the request of the clearing system operator to stop using the kill functionality, the Exchange shall enable the member firm to place new orders.
- (5) The request to stop using the kill functionality referred to in paragraph 4 of this article must state the account number of the member firm's positions in the clearing system.
- (6) The use of the kill functionality shall be notified by the Exchange without delay to other member firms and HANFA through the trading system.
- (7) Standards for the application of the kill functionality shall be specified by the Exchange and disclosed to the public on its website.

## 7. CONFLICT OF INTEREST COMMITTEE

~~Article 242~~

Article 242 shall be deleted.

~~Article 243~~

Article 243 shall be deleted.

~~Article 244~~

Article 244 shall be deleted.

~~Article 245~~

Article 245 shall be deleted.

~~Article 246~~

Article 246 shall be deleted.

~~Article 247~~

Article 247 shall be deleted.

~~Article 248~~

Article 248 shall be deleted.

~~Article 249~~

Article 249 shall be deleted.

~~Article 250~~

Article 250 shall be deleted.

## 8. SURVEILLANCE

### Article 251

(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 undertake surveillance of:

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

(2) The provisions of this title of the Rules relating to issuers shall apply *mutatis mutandis* to open-end investment fund management companies.

### 8.1 SURVEILLANCE OF TRADING

### Article 252

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

### Article 253

(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 for the creation of deals and the terms under which they are done;
3. trading suspensions when it becomes evident that trading can no longer be done on equal terms or that is not based 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 using a computer surveillance system, which systematically collects and evaluates trading data and facilitates the necessary investigative action.

### Prevention of Disorderly Trading Conditions

### Article 254

The following arrangements shall be in place to prevent disorderly trading conditions and breaches of trading system capacity limits:

1. limits per member of the number of orders sent per second;
2. mechanisms to manage volatility (volatility interruption, extended volatility interruption);
3. pre-trade controls.



#### Article 255

In order to prevent disorderly trading conditions and breaches of capacity limits, the Exchange shall be able to:

1. request information from any member firm on its organisational requirements and trading controls;
2. suspend a member's or a trader's access at the initiative of the Exchange or at the request of that member, or of the competent authority;
3. operate a kill functionality to cancel unexecuted orders of the member firm under the following circumstances:
  - (a) upon request of the member where that member is technically unable to suspend its own orders;
  - (b) where the order book contains erroneous duplicated orders;
  - (c) following a suspension initiated either by the market operator or the competent authority;
4. cancel transactions in case of malfunction of the mechanisms to manage volatility or of the operational functions of the trading system;
5. balance entrance of orders among different gateways.

Limiting the Ratio of Unexecuted Orders to Transactions in Order to Prevent Disorderly Trading

#### Article 256

- (1) In order to prevent disorderly trading, the Exchange shall specify the maximum ratio of unexecuted orders to transactions to be entered into the trading system by each of its member firms for every financial instrument traded and shall notify the members thereof.
- (2) The Exchange shall oversee whether a member firm has exceeded the ratio of unexecuted orders to transactions at the end of each trading day and shall notify the member thereof.
- (3) If it finds that the member firm has exceeded the ratio referred to in paragraph 1 of this article, the Exchange shall request the member's response about the reasons for doing so.
- (4) In the case referred to in paragraph 3 of this article, the Exchange may impose one of the market protection measures provided for in these Rules.

### **8.1.1 Rules and Procedures to Prevent and Detect Market Abuse**

#### Article 257

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

1. detecting market abuse, as laid down in Chapter 8.1.2 of these Rules and
2. detecting market abuse, as laid down in Chapter 8.1.3 of these Rules.

#### Article 258

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 259**

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 manage volatility and pre-trade controls, as well as other measures in order to ensure fair, orderly and efficient trading;
3. placing financial instruments and issuers in an observation segment;
4. suspension of trading in a financial instrument; and
5. education of capital market participants on the subject of market abuse.

#### **8.1.2.1 Observation Segment**

#### **Article 260**

(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 for trading in that financial instrument.

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

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

1. if the issuer is undergoing takeover or if a 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 restructuring or if it is subject to pre-bankruptcy or bankruptcy proceedings, extraordinary administration or liquidation procedure, including major proceedings for the enforced collection of receivables and account blockage instituted 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 its 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;

8. if the Exchange sets a period of heightened observation of the issuer during which the issuer shall undertake certain measures, actions and/or procedures for the purpose of compliance with the obligations laid down in these Rules;
  9. if there are any other circumstances which may lead to 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, stating the grounds for such action, shall be disclosed by the Exchange on its website.
- (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 substantiated.

#### **8.1.2.2 Response to Volatility Interruption**

##### Article 261

- (1) Where a volatility interruption is triggered, the Exchange may 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.
- (2) The provisions of paragraph 1 of this article shall not apply if the transferable securities are listed / admitted to trading on the regulated market without approval of the issuer.

#### **8.1.2.3 Suspension of Trading in Financial Instrument**

##### Article 262

- (1) The Exchange shall suspend trading in a financial instrument:
1. under a decision issued by HANFA or other competent authority;
  2. where necessary for the purpose of a certain 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 firms; and
  4. in other cases, where required for the purpose of investor protection.
- (2) In the case referred to in paragraph 1(4) of this article, a suspension of trading in the financial instrument may not exceed ten (10) trading days.
- (3) A decision suspending trading shall be disclosed to the public by the Exchange on its website and notified to HANFA without delay.

##### Article 263

- (1) Without prejudice to the cases set out in Article 262 of these Rules, the Exchange may also suspend trading in shares:
1. if it receives notification of the intent to publish a takeover bid and/or in the event of a takeover bid for a target company;

2. if the issuer notifies the Exchange about submitting a motion to initiate pre-bankruptcy or bankruptcy proceedings, extraordinary administration or liquidation procedure;
3. for non-compliance by the issuer with the provisions of these Rules in the section relating to its post-listing requirements.

(2) In the case referred to in paragraph 1(1) of this article, the Exchange shall suspend trading in 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 shall suspend trading in shares on receiving notification from the issuer about the institution of pre-bankruptcy or bankruptcy proceedings, extraordinary administration or liquidation procedure.

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

#### Article 264

(1) Without prejudice to the cases set out in Article 262 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 about submitting a motion to initiate pre-bankruptcy or bankruptcy proceedings, extraordinary administration or liquidation procedure;
3. for non-compliance by the issuer with the provisions of these Rules in the section relating to its post-listing requirements.

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

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

#### Article 265

(1) Without prejudices to the cases set out to in Article 262 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. for trading suspension or delisting / removal from trading of the underlying instrument, if the price or value of the structured product is referenced to the price or value of a respective underlying instrument, at its own discretion or at the request of the issuer of the structured product;
3. where the regulated market or exchange on which the underlying instrument is listed / admitted to trading has 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 shall suspend trading in the structured product on receiving notification from the issuer that the price of the underlying instrument has reached the barrier of the structured product.

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

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

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

#### Article 266

(1) Without prejudice to the cases set out in Article 262 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 thirty (30) minutes;
2. where 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 shall suspend trading in open-end investment fund units based on a substantiated 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 substantiated request of the management company or market maker, provided that the Exchange is not the provider of the index concerned.

#### Article 267

(1) In the case referred to in Article 262(1)(4), Articles 263 and 264, Article 265(1)(2-3) and Article 266 of these Rules, the Exchange shall not suspend trading if such suspension would be likely to cause significant damage to the investors' interests or the orderly functioning of the market.

(2) A suspension shall be deemed likely to cause significant damage to the investors' interests or the orderly functioning of the market at least in the circumstances set out in Article 80 of Delegated Regulation (EU) No 2017/565.

### **8.1.3 Exchange Measures and Procedures to Detect Market abuse**

#### Article 268

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 individual financial instruments;
2. monitoring trends and detecting major deviations in the frequency of orders, their order book presence 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 disclosures by the issuers of financial instruments and the turnover and price movements prior to and after disclosure to the public;
6. undertaking surveillance of Exchange members.

#### Assessment Principles on Suspicion of Market Abuse

##### Article 269

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 in the provisions of the CMA, Regulation (EU) No 596/2014 and other regulations adopted by HANFA, the Exchange shall take into account in particular:

1. whether the activity has an impact on triggering of the volatility interruption mechanism, an on liquidity and efficiency of the market;
2. whether the activity enables a timely and appropriate reaction by all market participants to new market conditions, created by such activity;
3. whether its activity poses a risk to market integrity;
4. structural characteristics of the market, financial instrument type, characteristics of participants in that market;
5. relevant changes in the market environment, including but not limited to the rules of trading;
6. opinions and recommendations issued by HANFA with regard 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 270

Where unusual orders, transactions or activities indicative of the possibility of market abuse are identified, 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 from the member firm to provide order and/or transaction record data and other documentation;
4. analyse historical data related to orders (quotes) and transactions and
5. send the case analysis with its opinion and documentation to HANFA.

#### **8.1.4 Trade Cancellation**

##### **Article 271**

- (1) The Exchange shall cancel a transaction under to a decision issued by HANFA, court or other public authority.
- (2) To ensure fair, orderly and efficient trading 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, save in exceptional circumstances.
- (5) Trade cancellation does not preclude any member obligations to the Exchange arising from the transaction.

##### **8.1.4.1 Erroneous Entry of Order Parameters**

##### **Article 272**

- (1) Under the circumstances it deems necessary for maintaining a fair, orderly and efficient trading 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. sell instead of a buy order and vice versa,
  5. other operational errors in the order execution.
- (2) In assessing the circumstances referred to in paragraph 1 of this article, the Exchange shall take into account current market circumstances, trading activity, volatility, transaction value and other parameters affecting the valuation of the financial instrument.
- (3) The Exchange shall not cancel a transaction resulting from the 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.

##### **8.1.4.2 Special Provisions for Structured Products**

##### **Article 273**

- (1) With regard to structured financial products, the price at which a transaction is concluded shall be considered to differ substantially from the dominant market price:

1. where the difference in respect of turbo certificates (leveraged certificates) and warrants exceeds 10%, or where the transaction is concluded at a price lower than EUR 0.70 and the difference exceeds EUR 0.07; and
2. where the difference in respect of other types of certificates exceeds 3%, or where the transaction is concluded at a price lower than EUR 0.70 and the difference exceeds EUR 0.02.

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

#### **8.1.4.3 Trade Cancellation Procedure**

##### **Article 274**

- (1) A request for trade cancellation shall be submitted by the 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 end of the main trading session.

##### **Article 275**

- (1) On detecting the need for trade cancellation or receiving a request for it from a member firm, the Exchange shall send out notification through the trading system and its website saying that a particular transaction is subject to a verification procedure, implying that it may be cancelled.
- (2) On completing the verification, the Exchange will send out notification through the trading system and its website to the effect that a particular transaction has been cancelled or that the transaction is valid.

## **8.2 SUPERVISION OF MEMBER FIRMS**

##### **Article 276**

- (1) Supervision of member firms refers to the monitoring of compliance by member firms with their obligations laid down in these Rules and the detection of violations 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) In the exercise of its supervisory powers, the Exchange shall have the right to request from its members to provide data on the member's clients, balance and turnover on client accounts, services provided by the member firm to clients, as well as other data and facts coming to the member firm's knowledge in relation to the provision of investment services and, where appropriate, ancillary services to clients.
- (3) Member firms shall provide access by the persons authorised by the Exchange to their business premises, accounts, records and other documents which may be necessary for undertaking supervision.



(4) Notification of supervision referred to in paragraph 3 of this article shall be given to the member firm by the Exchange in writing at least 1 (one) day prior to its commencement.

(5) Any data referred to in paragraph 2 of this article constitutes a trade secret and the Exchange shall not disclose or enable third parties to use it.

(6) Data referred to in paragraph 5 of this Article does not constitute a trade secret where it is requested by HANFA, judicial or administrative authorities in the exercise of their supervisory and other public powers or when the disclosure of such data is approved by the member firm.

#### Annual Member Assessment

##### Article 277

(1) Once a year, the Exchange shall conduct a risk-based assessment of the compliance of its members and check whether they are still registered as investment firms.

(2) Following the annual risk-based assessment, the Exchange shall, where necessary, undertake additional assessments of its members' compliance with the conditions referred to in paragraph 1 of this article.

(3) Any member firms which fail the annual risk-based assessment may have one of the market protection measures provided for in these Rules imposed on them by the Exchange.

### 8.3 SUPERVISION OF ISSUERS

#### Article 278

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

1. financial statements within the time frame laid down in the CMA,
2. notices of date of its general meeting and any resolutions adopted by it within the time frame laid down in these Rules,
3. information on corporate actions and
4. other regulated information.

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

1. monitor notifications sent by the central depository or central register and/or clearing and/or settlement system with regard 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 any rights attaching to the financial instrument;
2. monitor certain daily newspapers and periodicals, and the official journal of the Republic of Croatia;
3. monitor the disclosure of information in the media, as well the information made available by the issuers to the public via the Exchange;
4. seek issuer response on the circumstances and facts relating to the issuer or financial instrument which affect or are likely to affect the price of the financial instrument;
5. warn the issuer where it believes that an action of the issuer may result in a violation of the Rules and other acts of the Exchange, and record such warnings;
6. undertake other actions and activities, in accordance with these Rules.

## 9. COMMITTEE FOR MARKET PROTECTION MEASURES

~~Article 279~~

Article 279 shall be deleted.

~~Article 280~~

Article 280 shall be deleted.

~~Article 281~~

Article 281 shall be deleted.

~~Article 282~~

Article 282 shall be deleted.

~~Article 283~~

Article 283 shall be deleted.

~~Article 284~~

Article 284 shall be deleted.

~~Article 285~~

Article 285 shall be deleted.

~~Article 286~~

Article 286 shall be deleted.

## **10. MARKET PROTECTION MEASURES**

### **Article 287**

- (1) The Exchange may impose a market protection measure on a member firm or issuer for violation of the provisions of these Rules and/or other acts of the Exchange.
- (2) Market protection measure, except a non-public warning, shall be published by the Exchange on its website and sent to the member firm or issuer and HANFA.

### **10.1 MEASURES IMPOSED ON MEMBER FIRMS**

#### **Article 288**

Market protection measures to be imposed by the Exchange on member firms 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 289**

Market protection measures to be imposed by the Exchange on issuers 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 290**

- (1) Non-public warning shall be pronounced for minor violations by the member firm or issuer 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 291**

- (1) Public warning is pronounced for grave or frequent violations by the the member firm or issuer of the provisions of these Rules and other Exchange acts.
- (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 that there are justified reasons to inform the public of the market protection measure imposed.
- (3) Public warning shall be pronounced in writing.

### **10.3.3 Fine**

#### **Article 292**

- (1) A fine may be imposed as an ancillary or principal sanction.
- (2) A fine shall be imposed as an ancillary sanction along with a non-public or public warning.
- (3) A fine shall be imposed as a principal sanction for grave or particularly violations by the member firm or issuer of the provisions of these Rules and other Exchange acts.
- (4) A fine shall amount to:
  - up to EUR 15,000.00, when imposed as an ancillary sanction;
  - up to EUR 30,000.00, when imposed as a principal sanction for grave or repeated violations by the member firm or issuer of the provisions of these Rules and other Exchange acts;
  - up to EUR 65,000.00, when imposed as a principal sanction for particularly grave violations by the member firm or issuer of the provisions of these Rules and other Exchange acts.
- (5) In determining the amount of fine, the Exchange shall also take into account the size and financial strength of the member firm or issuer.

### **10.3.4 Suspension and Exclusion from Membership**

#### **Article 293**

The measure of suspension or exclusion from membership shall be imposed in the cases laid down in Article 48 of these Rules.

### **10.3.5 Delisting**

#### **Article 294**

- (1) Delisting, as a market protection measure, shall be imposed where the issuer or financial instrument no longer meet the criteria for listing on the respective market and/or for non-compliance by the issuer with its post-listing requirements, laid down in these Rules and other Exchange acts.
- (2) Delisting, as a market protection measure, is generally imposed by the Exchange under the provisions of Chapter 4.7.2 of these Rules.

(3) The provision of paragraph 2 shall be without prejudice to the right of the Exchange to impose delisting without undertaking a periodic review, in accordance with this title of the Rules.

#### **10.4 DETERMINING SANCTION TYPE AND AMOUNT**

##### **Article 295**

(1) In deciding on the market protection measure to be imposed on a member firm or an issuer, the Exchange shall take into account all the circumstances of the case, any prior violations of the Rules or other acts of the Exchange by the member firm or issuer.

(2) Extenuating circumstances in determining the gravity of violations of the Rules and other Exchange acts 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 or issuer immediately after learning about the sanction procedure or before it is initiated; and
2. cooperation in eliminating possible consequences of any violations of the Rules or other acts of the Exchange, on the member firm's or issuer's own initiative, immediately upon detecting a circumstance which is deemed to constitute a violation of the Rules and other acts of the Exchange.

(3) Aggravating circumstances in determining the gravity of violations of the Rules and other Exchange acts are deemed to include in particular:

1. continued conduct of the member firm or issuer conduct in further violation of the Rules and other acts of the Exchange even after the delivery of an earlier Exchange resolution finding such conduct of the member firm or issuer to be in violation of the Rules and other acts of the Exchange;
2. similar repeated conduct of the member firm or issuer in further violation of the Rules and other acts of the Exchange even after the delivery of an earlier 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 by the member firm or issuer to cooperate with the Exchange in the procedure;
4. obstruction of the Exchange work in the course of the procedure, including by providing 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 or 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 296**

(1) The Exchange shall allow the member firm or issuer to provide its response concerning any facts and circumstances relevant for resolving the matter, except where the true state of affairs may be established from the facts and data available to the Exchange, when member firms or issuers can not provide their response or for other legitimate reasons.

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

1. hear members of the management, procurators and other employees of member firms who, in the opinion of the Exchange, may possess necessary knowledge of the facts, documents, data or other evidence relevant for clarifying the true state of affairs.
2. conduct on-site supervision of member firms, in accordance with Article 276 of these Rules.

(3) Member firms or issuers shall answer any questions and, at the request of the Exchange, furnish any documents, data and other evidence relevant for clarifying the true state of affairs.

(4) Any act by member firms or issuers contrary to the provision of paragraph 3 of this article shall 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 297~~

Article 297 shall be deleted.

## **11. DISPUTES**

### Article 298

The Exchange and member firms or issuers or other persons having an agreement with the Exchange shall attempt to resolve amicably in the spirit of best business practices any disputes which may arise out of or in connection with these Rules, as well as the legal effects resulting from them. In the event of failure to reach an agreement, the competent court in Zagreb shall have jurisdiction over dispute resolution.

## 12. TRANSITIONAL AND FINAL PROVISIONS

### Amendments to the Rules

#### Article 299

- (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 date specified in an Exchange resolution, subject to prior approval by HANFA.

### Interpretation of Individual Provisions of the Rules

#### Article 300

- (1) An authoritative interpretation of the provisions of these Rules shall be provided by the Exchange.
- (2) A submission for an authoritative interpretation of the provisions of these Rules shall be made to the Exchange in writing, indicating the provision concerned and giving the reasons for interpretation.
- (3) The Exchange is authorised to request additional clarifications from the person seeking it.
- (4) The Exchange shall issue the interpretation in writing within 30 (thirty) days from the submission 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 301

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

### Entry into Force

#### Article 302

- (1) These Rules shall enter into force on 9 December 2019, following the approval by HANFA.
- (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 from 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 9 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 9 of this article.
- (4) The issuers whose financial instruments are listed / admitted to trading on the regular market shall deliver to the Exchange, within 30 (thirty) day from the entry into force of these Rules, a statement confirming that the issuer has an appropriate internal organisation, systems and procedures in place to ensure timely availability of information to the market, also providing data of the person responsible for investor relations.



(5) The issuers whose shares are listed / admitted to trading on the Official Market shall also deliver to the Exchange, within 30 (thirty) day from the entry into force of these Rules, a statement confirming that it has an investor relations function in place, also providing data of the person responsible for investor relations and evidence that the person in question has necessary knowledge and skills in the area investor relations.

(6) Article 121 shall enter into force on 1 January 2020, from which date the issuers shall apply the Code of Corporate Governance. Irrespective of that date, the issuers shall report on their corporate governance practices for the year beginning on 1 January 2019 via new questionnaires to identify existing practices for the purpose of monitoring progress in the years after the Code of Corporate Governance takes effect.

(7) Within 30 (thirty) days from the date on the entry into force of these Rules, the Exchange shall undertake an extraordinary review of the issuers to establish the existence of circumstances referred to in Article 151(1) of these Rules which constitute the grounds for extraordinary relegation of shares to a lower regulated market segment.

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

(9) On the date of the entry into force of these Rules, the Rules approved by Decision of HANFA dated 27 December 2017 (Class: UP/I 975-02/17-01/08, Ref. No.: 326-01-770-772-17-3) and Amendments to the Rules approved by Decision of HANFA dated 23 August 2018 (Class: UP/I 975-02/18-01/03, Reg. No.: 326-01-770-772-18-5) and Amendments to Exchange Rules approved by Decision of HANFA dated 21 December 2018 (Class: UP/I 975-02/18-01/06, Ref. No.: 326-01-60-61-18-3) shall cease to have effect.

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Amendments to the Exchange Rules as of September 24, 2021

#### Article 5

These amendments to the Rules shall enter into force on the 7th (seventh) day following the date of their approval by the Croatian Financial Services Supervisory Agency.

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Amendments to the Exchange Rules as of October 18, 2022

#### Article 11

These Amendments to the Exchange Rules shall enter into force on the day when euro becomes the official currency in the Republic of Croatia, except for Articles 2 (Article 9 of the Rules), 3 (Article 10 of the Rules), 4 (Article 11 of the Rules) and 5 (Article 19(2)(4) of the Rules) that shall enter into force on the 7th (seventh) day from the date of their approval by the Croatian Financial Services Supervisory Agency.

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Amendments to the Exchange Rules as of June 13, 2024

Article 3

These amendments to the Rules shall enter into force 30 (thirty) days following the date of their approval by the Croatian Financial Services Supervisory Agency.

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Amendments to the Exchange Rules as of October 20, 2025

Article 16

These amendments to the Rules shall enter into force on the 12 November 2025.

Amendments to the Exchange Rules as of November 20, 2025

Article 5

These amendments to the Rules shall enter into force on the 7th (seventh) day following the date of their approval by the Croatian Financial Services Supervisory Agency.