

 <b>ZAGREBAČKA BURZA</b> <i>Zagreb Stock Exchange</i>	<b>Rules of Procedure of the Indices Committee</b>	<b>version 1.0</b>
		<b>DNR 143</b>

## **Rules of Procedure of the Indices Committee**




ZAGREBAČKA  
BURZA  
*Zagreb Stock Exchange*

## Rules of Procedure of the Indices Committee

version  
1.0

DNR  
143

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Pursuant to Article 7 of the Articles of Association of the Zagreb Stock Exchange Inc. with its registered office in Ivana Lučića 2a/22, Zagreb (hereinafter: the Exchange), on 29 August 2019, the Exchange Management Board adopted the following

## R U L E S O F P R O C E D U R E O F T H E I N D I C E S C O M M I T T E E

### Introductory provisions


#### Article 1

- (1) These Rules of Procedure regulate the composition, responsibilities and powers as well as the method of work and decision-making of the Indices Committee (hereinafter: The Committee) and other matters related to its activities.
- (2) The activity report of the Committee shall be examined and approved by the Oversight Committee.

### Membership of the Committee

#### Article 2

- (1) The Indices Committee shall consist of 5 (five) members appointed by the Management Board from the Exchange staff, as a group of experts responsible for periodic review of the indices, one of whom shall act as the Committee chairman.
- (2) The President and the Member of the Exchange Management Board shall be *ex officio* Committee members.
- (3) The mandate of the Committee members shall commence on the day when the Exchange Decision on their appointment enters into force, unless otherwise provided by that very Decision.
- (4) Committee members must be free from any conflict of interest resulting from or in relation to the provision of the benchmark and direct or indirect personal and economic interests in it.
- (5) Any conflict of interest issues and measures for its prevention and elimination are subject *mutatis mutandis* to applicable Exchange acts regulating conflict of interest.
- (6) The list of Committee members specifying their names and surnames and functions carried out on the Committee and their declarations of conflict of interest, if any, shall be disclosed by the Exchange on its website.

 <b>ZAGREBAČKA BURZA</b> <i>Zagreb Stock Exchange</i>	<b>Rules of Procedure of the Indices Committee</b>	<b>version 1.0</b>
		<b>DNR 143</b>

## Chair of the Committee


### Article 3

- (1) Members of the Committee shall elect one among their ranks to be its chair at the first Committee meeting convened in the manner set out in Article 5 of the Rules of Procedure.
- (2) The Exchange Management Board Member shall be deputy chair of the Committee *ex officio*.
- (3) The Committee chair shall preside over the Committee meetings, sign minutes of the meetings and execute other tasks provided under these Rules of Procedure.
- (4) In the event that the Committee chair is prevented or where no Committee chair has been elected or his or her membership of the Committee has ceased, the tasks of the Committee chair shall be executed by the deputy chair and in the event of his/her disability the oldest present member of the Committee.

## Committee competence

### Article 4

- (1) The Committee shall have the following duties and powers:
  - preparing, reviewing and interpreting index definitions and methodologies;
  - continuously monitoring and proposing refinements to the methodology of index calculation;
  - deciding on the names of indices, the selection criteria in respect of the shares to be included as constituents, the methods of index divisor calculation and adjustment;
  - - deciding on all corrections of data in the event of an error in the calculation of the index;
  - deciding on the final index composition;
  - deciding on the number of shares to be included in the index, on the inclusion and exclusion of an individual share from the index and on the change in weight of a particular index constituent;
  - deciding on the method of index adjustment in the event of corporate actions;
  - preparing a report on its activities related to the provision of benchmarks twice a year and submitting it to the Oversight Committee not later than 7 (seven) days before the scheduled meeting of that Committee;
  - making a proposal on the cessation of a benchmark;
  - undertaking a periodic and an extraordinary index review.
- (2) The Committee shall undertake a periodic index review in accordance with the methodology for the calculation of a particular index.
- (3) The Committee may conduct an extraordinary index review in case of extraordinary events, which may affect the representativeness of the indices, occurring between two periodic reviews.
- (4) In case of corporate actions occurring, the Indices Committee may decide to undertake an index adjustment in a manner different from the methodology for the calculation of a particular index if it considers another method of adjustment to be more appropriate to the circumstances.

 <b>ZAGREBAČKA BURZA</b> <i>Zagreb Stock Exchange</i>	<h2>Rules of Procedure of the Indices Committee</h2>	<b>version 1.0</b>
		<b>DNR 143</b>

(5) In case of corporate actions or occurrence of any events which are not regulated by the methodology of a particular index calculation, the Indices Committee shall consider the need for extraordinary review and, if necessary, undertake an extraordinary review to maintain the objectivity and credibility of the index and as well as its time comparability.

(6) If any information which may affect the listing of a particular share (e.g. regulated market delisting, takeover of the joint stock company, pending status changes of the issuer, etc.) is disclosed at the time of review, the Indices Committee may decide not to include the index from the index or to excluded it from the index.

(7) The Indices Committee may decide to keep a particular share in the index irrespective of the fact that it does not meet quantitative criteria for being an index constituent set out in the methodology of index calculation if it finds that the application of quantitative criteria alone may affect the interests of capital market participants or index representativeness. The Indices Committee may not exercise this right in respect of one and the same share in two consecutive reviews.

(8) A notification of changes to the index composition shall be published on the Exchange website.

### Meetings

#### Article 5

(1) Meetings of the Indices Committee shall be convened by the chair.

Indices Committee meetings may be regular or extraordinary. Regular meetings shall be convened for the purpose of periodic index review. Extraordinary meetings shall be convened upon occurrence of extraordinary events which may affect the representativeness of the index.

(3) The Committee chair shall prepare an agenda for each regular Committee meeting and send it to all members together with the invitation to the meeting, stating the time and place of the meeting, via the Exchange Intranet to the e-address predefined by each member not later than 2 (two) working days before the schedule date of the meeting.

(4) Each Committee member has the right to propose an addition to the agenda via the Exchange Intranet not later than 1 (one) working day before the scheduled regular meeting. Committee members shall decide on the proposed addition by voting at the beginning of the respective meeting.


(5) An invitation to an extraordinary Committee meeting may be sent to all its members on the day the meeting is to be held.

(6) The Committee may also hold e-meetings by exchanging e-mails.

### Proceedings and decision-making

#### Article 6

(1) Committee meetings shall normally be held at the registered office or via e-mail.

 <b>ZAGREBAČKA BURZA</b> <i>Zagreb Stock Exchange</i>	<h2>Rules of Procedure of the Indices Committee</h2>	<b>version 1.0</b>
		<b>DNR 143</b>

(2) Where a meeting is held via e-mail, the meeting will be deemed to have been held at the Exchange's registered office. Such a meeting will be presided over, if present and irrespective of the presence of the Committee chair, by the deputy chair of the Committee.

(3) The Committee may take its decisions when at least 3 (three) members are in attendance at the meeting.

(4) The Committee shall decide by a majority of votes of Committee members.

### Minutes of the meeting

#### Article 7

(1) The Committee chair or the person presiding over the Committee meeting shall send minutes with information on the members in attendance and decisions adopted at the meeting, including voting figures, to all members of the Committee via the Exchange Intranet not later than 7 (seven) working days from the day on which the meeting ended.

(2) If any members attending the meeting should object to the content of the minutes by the end of the next working day from that on which the minutes are sent, the Committee chair or the person standing in for the chair shall consider the objection in question and resubmit it, together with the response/explanation or else with amended or supplemented minutes, to all Committee members by the end of the next working day.

(3) If an extraordinary meeting is held, the Committee chair or the person standing in for the chair shall send the minutes with details of all members in attendance and decisions adopted at the meeting, including information on the voting, to all Committee members via the Exchange Intranet on the same day; Committee members shall submit their objections to the content of the minutes by the end of the same working day. The Committee chair or the person standing in for the chair shall consider the objection in question and resubmit it, together with the response/explanation or amended or supplemented minutes to all Committee members by the end of the same working day.


(4) On performance of the obligation referred to in paragraph 2 or paragraph 3 of this Article, or if there are no objections to the minutes, the Committee chair or the person standing in for the chair shall submit the final text of the minutes via e-mail to all Committee members and shall sign it at the following Committee meeting.

### Archiving

#### Article 8

(1) Decisions of the Committee shall be drafted as separate documents to be published on the Exchange website in the form of press releases.

(2) The signed minutes of Committee meetings, together with any adopted acts and the entire written correspondence among its members, shall be stored in the ledger of Management Board resolutions and kept in folder 160. Data related to Exchange indices shall be preserved as permanent archives by the Business Development Department.

 <b>ZAGREBAČKA BURZA</b> <i>Zagreb Stock Exchange</i>	<h2>Rules of Procedure of the Indices Committee</h2>	<b>version 1.0</b>
		<b>DNR 143</b>

### Confidentiality of information

#### Article 9

(1) Any data and/or documents obtained by performing an activity within the competence of the Committee shall be deemed confidential information.

(2) Committee members and other persons aware of the information referred to in paragraph 1 of this article may use confidential information only and exclusively for the purpose of decision-making within the scope of the Committee competence.

### Personal data protection

#### Article 10

(1) Personal data of Committee members referred to in Article 2(6) of these Rules of Procedure shall be published on the Exchange Intranet for the purpose of providing information to the interested public on the Committee members and on any existing or potential conflict of interest of the Committee members.


(2) The Exchange shall delete personal data of Committee members from its Intranet without delay at the end of their term as members of the Committee. The Exchange shall keep the Management Board resolution appointing Committee members in accordance with the Special list of archives and current records of the Zagreb Stock Exchange, Inc.

(3) The Exchange may provide personal data of Committee members to HANFA at their request.

(4) With regard to the Exchange treatment of personal data of Committee members, the Exchange undertakes:

- to use and treat personal data referred to in Article 2(6) of these Rules of Procedure solely in accordance with the provisions of these Rules of Procedure and for the purpose defined in paragraph 1 of this article as well as performance of the obligations arising from the membership of the Committee under applicable regulations;
- that Exchange officers in charge of treatment of Committee members' personal data have undertaken to observe the confidentiality of personal data;
- that it takes appropriate organisational and technical measures to ensure the appropriate level of data security;
- to make available to Committee members all the information necessary to prove compliance with the obligations referred to in current applicable regulations.

(5) Committee members shall have the following rights with regard to the processing of their personal data in accordance with these Rules of Procedure:

 <p>ZAGREBAČKA BURZA <i>Zagreb Stock Exchange</i></p>	<h2>Rules of Procedure of the Indices Committee</h2>	<p>version <b>1.0</b></p> <hr/> <p>DNR <b>143</b></p>
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- the right to request from the Exchange access to and rectification or erasure of personal data or restriction of the processing concerning the Committee member, at the following contact address: [zastita\\_podatka@zse.hr](mailto:zastita_podatka@zse.hr);
- the right to object to the Exchange at the following contact address: [zastita\\_podatka@zse.hr](mailto:zastita_podatka@zse.hr) and the right to data portability;
- the right to lodge a complaint with a competent authority, the Personal Data Protection Agency.

(6) The Committee member shall notify the Exchange in writing of any change of personal data published on the Exchange Intranet.

(7) Information about the collection and processing of personal data by the Exchange are also available in the Zagreb Stock Exchange, Inc. Privacy Policy available on the Exchange website [www.zse.hr](http://www.zse.hr).

### Final provisions

#### Article 11

(1) Current members of the Indices Committee appointed by Resolution OU/2019-61 on the composition of the Indices Committee of 3 May 2019 shall be deemed members of the Indices Committee in accordance with Article 2 of these Rules of Procedure.

(2) These Rules of Procedures shall enter into force on 03 September 2019.