

Pursuant to the Article 123 of the Capital Market Act (Official Gazette of the Republic of Croatia No 88/08, 146/08, 74/09, 54/13, 159/13, 18/15, 110/15, 123/16 and 131/17) and the Article 6(4) of the Progress Market Rules (“Progress Market Rules”), at its 201st meeting held on 06 March 2018, the Management Board of the Zagreb Stock Exchange, Inc. issued the following

**AMENDMENTS TO THE RULEBOOK
ON ACQUIRING THE STATUS OF AUTHORISED ADVISOR FOR THE PROGRESS MARKET¹**

Article 1

In the whole text of the Rulebook on Acquiring the Status of Authorised Advisor for the Progress Market, the words “financial instruments” shall be substituted by the word right form and case of the word “securities”.

Article 2

In Article 1(1)(4), the words “rules of cooperation” shall be substituted by the words “business relation”.

Article 3

Article 2(1) shall be amended to read as follows:

“In this Rulebook, unless the context of a provision clearly requires otherwise, the terms shall have the following meaning:

1. **Exchange** – Zagreb Stock Exchange, Inc.;
2. **member firm** - a person which has entered into a membership agreement with the Exchange, user of a multilateral trading platform within the meaning of Article 124 CMA;
3. **issuer** – a legal entity, including the State, which issues or intends to issue securities;
4. **market protection measures** – measures which the Exchange is authorised to undertake in accordance with the Exchange Rules towards any member firm, authorised advisor or issuer in order to ensure the protection of fair, orderly and efficient trading and protection of investors;
5. **Exchange Rules** – the rules of the regulated market operated by the Exchange;
6. **Rulebook** - this Rulebook on Acquiring the Status of Authorised Advisor for the Progress Market;

¹ Please note that this is a convenience translation of the Amendments of the Rulebook on Acquiring the Status of Authorised Advisor for the Progress Market which serves for information purposes only. The original Croatian text is binding in all respects.

7. **admission to trading** - a procedure enabling the trading of Securities on the Progress Market;
8. **admission document** - a document produced in order to facilitate the admission of securities to trading on the Progress Market in accordance with provisions of Progress Market Rules and Rulebook on Form and Content of the Admission Document for the Progress Market;
9. **Progress Market** – multilateral trading platform managed by the Exchange with the main purpose of trading Securities of issuers which are considered small and medium-sized enterprises according to the criteria set forth in the Article 77 of the 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;
10. **Securities** – securities as defined in the Article 7 of the Progress Market Rules;
11. **application for admission to trading** – application for admission of securities to trading on the Progress Market;
12. **CMA** – the Capital Market Act (Official Gazette of the Republic of Croatia No. 88/08, 146/08, 74/09, 54/13, 159/13,18/15, 110/15, 123/16 and 131/17).”

Article 4

- (1) In Article 3(3)(1), the word financial (*financijska*) shall be substituted by the word financial (*financijsku*).
- (2) In Article 3(4), item 1 shall be amended to read as follows:
“an authorisation or approval for performance of certain business or activities performed by that person has been withdrawn; or”
- (3) In Article 3, paragraph 5 shall be amended to read as follows:
“The Exchange reserves the right to grant the authorised advisor status on the Progress Market to an applicant that does not fulfil all requirements set forth in this Rulebook if it otherwise determines that such applicant is competent and able to successfully perform duties of an authorised advisor on the Progress Market.”
- (4) In Article 3, the new paragraph 7 shall be inserted to read as follows:
“Approval of the status of an authorized advisor in accordance with this Rulebook does not replace the authorizations, permits and approvals of the competent bodies that the applicant is required to obtain under the CMA for the purpose of providing investment services and conducting investment activities or performing other activities for which the relevant regulation determine that they may be performed only with the approval, permission or consent of the competent body or if the determined conditions are fulfilled.”

Article 5

In Article 8, paragraph 4 shall be deleted.

Article 6

(1) In Article 9 (1), item 1 shall be amended to read as follows:

“when an application is filed for admission of securities of an issuer to trading on the Progress Market, to assess if the issuer meets the requirements for admission to trading on the Progress Market and whether all other conditions provided by the Progress Market Rules, the Exchange Rules and other Exchange regulations and applicable legislation for admission of securities to trading on the Progress Market are satisfied;”

(2) In Article 9, paragraph 2 shall be amended to read as follows:

“An authorised advisor is obliged to take actions aimed to prepare the issuer to function on the Progress Market. For achieving this, the authorised advisor shall familiarize itself with the business, property and financial situation of the issuer and is authorized to request from the issuer all the relevant information and documents.”

(3) In Article 9, paragraph 3 shall be amended to read as follows:

“An authorised advisor is obliged to point out to the issuer the necessity of establishing and implementing appropriate mechanisms, measures and procedures which will enable the issuer to fulfil its obligations arising from admission of its securities to trading on the Progress Market.”

(4) In Article 9, paragraph 4 shall be amended to read as follows:

“An authorised advisor is obliged to consult the issuer on selection of appropriate mechanisms, measures and procedures as described in the paragraph (3) of this Article.”

Article 7

(1) In Article 10, paragraph 1 shall be amended to read as follows:

“The authorised advisor is obliged to:

1. examine whether the admission document provides sufficient information to investors to enable them to make an informed assessment of the financial position and prospects of the issuer and the rights attaching to its securities;
2. examine whether admission document is drafted in accordance with the requirements set out in the Progress Market Rules and with the provisions of Rulebook on Form and Content of the Admission Document for the Progress Market and examine whether the

information contained therein are comprehensive and complete and given in an understandable and consistent manner, and sign statements envisaged by the Rulebook on Form and Content of the Admission Document for the Progress Market;

3. submit a declaration to the Exchange which confirms: (i) that it has reviewed the admission document and has assured that it has been produced in accordance with the requirements set forth in the Progress Market Rules and in the Rulebook on Form and Content of the Admission Document for the Progress Market; (ii) that according to its best knowledge and pursuant to documents and information provided to it by the issuer, who is exclusively responsible for its completeness and accuracy, information contained in the admission document is accurate, complete and fair; (iii) that the admission document contains a reliable description of risk factors associated with the issuer and the participation in trading of its securities to which admission document refers; (iv) that the issuer meets requirements for admission to trading on the Progress Market; and (v) that the authorised advisor has reviewed and established that the admission document is complete, consistent and accurate.
 4. over an uninterrupted period of at least 2 (two) years following the admittance of securities to trading on the Progress Market, continually advise the issuer in regard of its obligations arising from admission of its securities to trading on the Progress Market and particularly on its disclosure of information in accordance with the provisions of the CMA, Regulation (EU) No 596/2014, other laws and regulations and Exchange regulations (including checking and countersigning checklists which the issuer is required to publicly disclose in accordance with the Progress Market Rules) and to monitor whether the issuer complies with the stated obligations;
 5. during the period from point 4 of this paragraph, notify the Exchange if the issuer ceases in any way to meet the requirements for admission to trading of its securities on the Progress Market or if it commits any breach or severe breach of the Progress Market Rules;
 6. at any time, deliver all necessary information and notices to the Exchange so that the Exchange may determine whether the authorised advisor or the issuers to whom it is appointed as authorised advisor meet all the requirements envisaged by the Progress Market Rules, other Exchange regulations or by the agreements concluded between the Exchange and the authorised advisor or between the Exchange and the issuers.”
- (2) In Article 10, paragraph 2 shall be amended to read as follows:

“Upon expiration of 2 (two) years after the date of admission to trading of securities of a certain issuer on the Progress Market, the authorised advisor obligations referred to in this Article shall cease to apply. The authorised advisor will notify the Exchange of the termination of its obligations in relation to such issuer in writing.”

Article 8

- (1) In Article 11, paragraph 2 shall be amended to read as follows:

“An issuer who intends to file an application for admission to trading of multiple types of securities on the Progress Market may appoint one or more authorised advisors. In case of admission to trading of several different types of securities of one individual issuer on the Progress Market, the obligations of at least one appointed authorised advisor shall continue until the expiration of 2 (two) years from the admission date of the last securities of a certain issuer admitted to trading on the Progress Market.”

- (2) In Article 11, paragraph 4 shall be amended to read as follows:

“In case of replacement of an authorised advisor, the newly selected authorised advisor shall provide the Exchange without delay with a declaration to the effect that it is familiar with the business, property and financial situation of the issuer as well as with whether the issuer fulfils its obligations arising from admission of its securities to trading on the Progress Market.”

- (3) In Article 11, paragraph 5 shall be amended to read as follows:

“In case of termination of the agreement of the authorised advisor services by the issuer, the issuer is obliged to notify the Exchange, without delay, of that event and to submit to the Exchange the agreement on authorised advisor services concluded with a newly selected authorised advisor, within 30 (thirty) days from the date of termination of the agreement. If the issuer does not submit the agreement on authorised advisor services concluded with the newly selected advisor within the prescribed deadline, the Exchange will appoint as a compulsory authorised advisor one of the authorised advisors registered in the Register of authorised advisors for the remaining period up to the expiration of 2 (two) years from the date of admittance of the securities of that issuer to trading on the Progress Market.”

- (4) In Article 11, paragraph 6 shall be amended to read as follows:

“Notwithstanding the provisions of paragraph 5 of this Article, if the issuer for any other reason, except for termination of agreement, ceases to have an appointed authorised advisor, the issuer is obligated to immediately notify the Exchange to that effect and to submit to the Exchange an agreement with a newly selected authorised advisor within 30 (thirty) days from the date when it ceased to have an appointed authorised advisor. If the issuer does not submit

the agreement concluded with a newly selected authorised advisor within the prescribed deadline, the Exchange will appoint as a compulsory authorised advisor one of the authorised advisors registered in the Register of authorised advisors for the remaining period up to the expiration of 2 (two) years from the date of admittance of the securities of that issuer to trading on the Progress Market.”

(5) In Article 11, new paragraph 7 shall be inserted to read as follows:

“If a measure of suspension or exclusion from membership has been issued to an authorised advisor, the Exchange shall, without a delay, notify of that event all the issuers the authorized advisor has an agreement with. Within 30 (thirty) days from the date of notification of advisor’s suspension or exclusion from membership, the issuers are obliged to submit to the Exchange the agreement on authorised advisor services executed with a newly selected authorised advisor. If the issuers do not submit the agreement on authorised advisor services concluded with the newly selected authorized advisor within the prescribed deadline, the Exchange will appoint compulsory authorised advisors from the list of the authorised advisors registered in the Register of authorised advisors for the remaining period up to the expiration of 2 (two) years from the date of admittance of the securities of each of the issuers to trading on the Progress Market.”

(6) In Article 11(7), which shall become Article 11(8), the word “context” shall be substituted by the word “circumstances”.

(7) In Article 11, paragraphs 8 and 9 shall become paragraphs 9 and 10.

Article 9

Article 12(1) shall be amended to read as follows:

“To enable the Exchange to check whether its obligations are carried out in accordance with the Progress Market Rules and other Exchange regulations, the authorised advisor shall, when requested to do so by the Exchange, submit to the Exchange any documents and information and shall ensure that all such documents have been prepared in accordance with its best knowledge and are complete, accurate and true, and shall when necessary provide written or verbal clarifications.”

Article 10

The title of the Chapter 7 shall be amended to read as follows:

“TERMINATION OF THE AUTHORISED ADVISER STATUS UPON REQUEST”

Article 11

Article 14(1) shall be amended to read as follows:

“A request for termination of the authorised advisor status shall be submitted to the Exchange on a form the content of which is determined by the Exchange.”

Article 12

The title of the Chapter 8 shall be amended to read as follows:

“MARKET PROTECTION MEASURES IMPOSED ON AUTHORISED ADVISOR”

Article 13

Article 15 shall be amended to read as follows:

- “(1) The provisions of the Exchange Rules on market protection measures which the Exchange can impose on a member firm shall be appropriately applied to the authorised advisors, whereby the term "member" shall be replaced by the term "authorised advisor".
- (2) Apart from the reasons for suspension or exclusion from membership envisaged in the Exchange Rules, the Exchange can order the suspension or exclusion of an authorised advisor if the authorised advisor has not executed an agreement on authorized advisor services with any issuer during two calendar years or if no securities arising from the agreement on performance of authorised advisor services have been admitted to trading on the Progress Market during two calendar years
- (3) Market protection measures imposed on authorised advisor shall be registered in the Register of authorised advisors. The authorised advisor status shall terminate and the authorized advisors shall be deleted from the Register of authorised advisors when an exclusion measure has been imposed on them.”

Article 14

- (1) Article 16(3) shall be amended to read as follows:

“The Register of authorised advisors shall contain the following information:

1. name, registered seat, address, personal identification number of the authorised advisor;
2. date and number of decision on acquiring the authorised advisor status;
3. date of registration of the authorised advisor with the Register of authorised advisors;
4. date and number of decision on termination of the authorised advisor status;
5. date of deregistration of the authorised advisor from the Register of authorised advisors;

6. remarks on ordered market protection measures.”

(2) Article 16(4) shall be amended to read as follows:

“Registration of an authorised advisor with the Register of authorised advisors or deregistration from the Register of authorised advisors is executed by the Exchange ex officio, immediately upon making an appropriate decision or when other conditions provided in this Rulebook and in the Exchange Rules are met.”

Article 15

These Amendments shall be posted on the website of the Progress Market and shall enter into force on the 7th (seventh) day from the date of their publication.

Ivana Gažić

President of the Management Board