

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 7 of the Statute of the Zagreb Stock Exchange, Inc., at its 201st meeting held on 06 March 2018, the Management Board of the Zagreb Stock Exchange, Inc. issued the following

AMENDMENTS TO THE RULES OF THE PROGRESS MARKET¹

Article 1

In the whole text of the Rules of the Progress Market, the words “financial instruments” shall be substituted by the word “securities” in the proper number and case.

Article 2

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

“define Securities which may be traded on the Progress Market and include the provisions on:

- a) objective and transparent criteria for admission of Securities to trading on the Progress Market;
- b) ensuring a public availability of information on Securities traded on the Progress Market and their issuers; and
- c) termination of trading of Securities on the Progress Market;”

Article 3

In Article 2(1):

- a) item 6 shall be deleted;
- b) item 7 shall become item 6;
- c) item 8 shall become item 7 and shall be amended to read as follows: “**issuer** – a legal entity, including the State, which issues or intends to issue securities;”
- d) item 9 shall become item 8 and shall be amended to read as follows: “**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;”
- e) items 10 and 11 shall become items 9 and 10;

¹ Please note that this is a convenience translation of the Amendments to the Progress Market Rules which serves for information purposes only. The original Croatian text is binding in all respects.

- f) item 12 shall become item 11 and shall be amended to read as follows: “**admission to trading** - a procedure enabling the trading of Securities on the Progress Market;”
- g) item 13 shall become item 12 and shall be amended to read as follows: “**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;”
- h) item 14 shall become item 13 and shall be amended to read as follows: “**Progress Market** – multilateral trading platform as defined in the Article 2(1)(14) of the Regulation (EU) No 600/2014, 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 Delegated Regulation (EU) No 2017/565;”
- i) item 15 shall become item 14;
- j) the new item 15 shall be added which shall be read as follows: “**regulatory information** - information referred to in the Article 78(2)(h) of the Delegated Regulation (EU) No 2017/565, i.e. (i) admission document or prospectus which refers to the securities admitted to trading on the Progress Market; (ii) annual and semi-annual financial reports of the issuer; and (iii) information referred to in the Article 7(1) of the Regulation (EU) No 596/2014 which are publically disclosed by issuers whose securities are admitted to trading on the Progress Market;”
- k) item 18 shall be deleted;
- l) items 19, 20 and 21 shall become items 18, 19 and 21;
- m) item 23 shall become item 22 and shall be amended to read as follows: “**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;”
- n) the new item 23 shall be added which shall be read as follows: “**Regulation (EU) No 600/2014** - Regulation (EU) No 600/2014 of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012;”
- o) item 25 shall be amended to read as follows: “**regulated market** – regulated market as defined under the Article 2(1)(13) of the Regulation (EU) No 600/2014 and managed by the Zagreb Stock Exchange, Inc.;
- p) the new item 26 shall be added which shall be read as follows: “**Securities** – securities as defined in the Article 7 of these Rules;”
- q) item 26 shall become item 27 and shall be amended to read as follows: “**application for admission to trading** – application for admission of securities to trading on the Progress Market;”
- r) item 27 shall become item 28;

- s) item 28 shall become item 29 and shall be amended to read as follows: “**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

Article 4(3) shall be amended to read as follows:

“In a manner envisaged under these Rules, the Exchange ensures public availability of regulatory, including issuers' financial reports and information on securities which are traded on the Progress Market, in order to ensure fair and orderly trading and pricing.”

Article 5

Article 7 shall be amended to read as follows:

- “(1) Securities which may be traded on the Progress Market are: (i) shares, including depositary receipts for shares; and (ii) bonds, including depositary receipts for such securities.
- (2) The provisions of these Rules regulating Securities shall also apply to depositary receipts for securities, unless expressly provided otherwise for depositary receipts.”

Article 6

In Article 11(6)(2) and 11(7), the words “trading participants” shall be substituted by the word “investors”.

Article 7

In Article 13, the sentence: “The same applies to prospectus or other document enclosed with the summary of the admission document in accordance with provisions of the Rulebook on Form and Content of the Admission Document for Trading on the Progress Market.” shall be inserted at the end of item 3.

Article 8

- (1) In Article 14(1):
1. in item 4, the words “free float” shall be substituted by the words: “publically distributed (whereby public distributions of shares is determined by the proper application of the Exchange Rules);”
 - a) in item 6, the words “that the authorised advisor has examined and determined the completeness, consistency and comprehensiveness of the admission

document, as well as the statement whether the admission document has been approved by any other regulatory authority and, if yes, which authority; ” shall be inserted at the end of sub-item a);

- b) in item 6, the words “and that it has examined and determined the completeness, consistency and comprehensiveness of the admission” shall be inserted at the end of sub-item b).

(2) In Article 14(2), item 2 shall be deleted and in item 3, which shall become item 2, the words “in point 1 and 2” shall be substituted by the words “in point 1”.

(3) In Article 14(3), the words “or the central register” shall be deleted.

(4) In Article 14 after paragraph 3 a new paragraph 4 shall be added and shall read as follows:

"Apart from the admission document (with all envisaged declarations and appendices thereto) as regulated under the Article 13 of these Rules, the application for admission to trading on the Progress Market must be accompanied with the issuer's incorporation document and the agreement on performance of the authorised advisor services entered into by and between the issuer and the authorised advisor in accordance with the Rulebook on Acquiring the Status of Authorised Advisor for the Progress Market."

Article 9

In the first sentence of Article 17, the words “Article 15” shall be substituted by the words “Articles 15, 18, 19 and 20” and the new sentence “The above information or direct link will be available on the Progress Market website for the period of at least 5 (five) years as of the date of each publication.” shall be inserted after the first sentence.

Article 10

In Article 18(1):

- a) in item 4, the word “audited” shall be inserted before the words “annual financial reports”;
- b) in item 5, the word “unaudited” shall be inserted before the words “half annual financial reports”;
- c) in item 8, the words “and other information in accordance with the Regulation (EU) No 596/2014” shall be inserted after the words “information defined in Article 7(1) of the Regulation (EU) No 596/2014”.

Article 11

(1) In the title of the Article 19, the words “Debt Securities” shall be substituted by the word “Bonds”.

- (2) In Article 19:
- a) the words “debt securities admitted” shall be substituted by the word “bonds admitted”;
 - b) in item 2, the words “debt securities” shall be substituted with the word “bonds” in the right case and number;
 - c) item 3 shall be amended to read as follows: “audited annual financial reports annual accounts – by not later than 30 April each year”;
 - d) item 4 shall be amended to read as follows: “unaudited half annual financial reports - – by not later than 31 August each year”;
 - e) in item 6, the words “and other information in accordance with the Regulation (EU) No 596/2014” shall be inserted after the words “information defined in Article 7(1) of the Regulation (EU) No 596/2014”.

Article 12

The title of the Article 20 shall be amended to read as follows: “Control Report” and Article 20 shall be amended to read as follows:

- “(1) Beside the information referred to in Articles 18 and 19 of these Rules, the issuer of securities admitted to trading on the Progress Market shall publicly disclose duly completed and signed control reports.
- (2) The Exchange publishes the control report Form on the Progress Market website.
- (3) The control reports are published for each calendar quarter within 30 (thirty) days as of the expiry of each quarter. Control reports shall be signed by the issuer of the securities admitted to trading on the Progress Market. During the first 2 (two) years following the day of the admission of securities to trading on the Progress Market, control reports shall be co-signed by the authorised advisor. However, the authorised advisor is not responsible for the truthfulness, accuracy and completeness of the information contained in control reports.
- (5) If it shall be determined than an issuer has failed to publish control reports in accordance with this Article, the Exchange shall require the issuer to publish such information without delay and to present reasons for its failure to publish it earlier. If the issuer has appointed an authorised advisor, the Exchange may demand a report of the authorised advisor on the

measures the authorised advisor has undertaken to ensure that the issuer publishes control report timely and reasons why it has not been published.”

Article 13

In Article 22(1):

- a) in item 3, the words “debt-based financial instrument” shall be substituted by the word “bonds”;
- b) in item 11, the words “the safety of trading of financial instruments on the Progress Market or the interest of participants of trading” shall be substituted by the words “interests of investors”.

Article 14

The sentence “In the case referred to in Article 22(1)(1) of these Rules, the Exchange shall render a decision on termination of trading of securities within 30 (thirty) days as of the day of receipt of issuers due and complete request. If the request relates to shares, the request must be accompanied by the decision of the General Assembly of the issuer to withdraw the shares from trading on the Progress Market.” shall be inserted at the beginning of the Article 23.

Article 15

In the title of the Article 24, the words “Debt-Based Financial Instrument” shall be substituted by the word “bonds” and the Article 24 shall be amended to read as follows:

“In the case referred to in Article 22(1)(3) of these Rules, trading of bonds on the Progress Market shall terminate on the same trading day or on the following trading day as of the day the Exchange has received the information on maturity or early redemption of bonds from the issuer or from the central depository which provides services in relation to respective bonds.”

Article 16

In Article 26(1), the words “investors and fair, orderly and efficient trading” shall be substituted by the words “interests of investors”.

Article 17

In Article 27(1), the words “investors and fair, orderly and efficient trading” shall be substituted by the words “interests of investors”.

Article 18

In Article 28, the words “or central registry” shall be deleted.

Article 19

In Article 30, the words “by the expiry of 30 (thirty) days” shall be substituted by the words “pursuant to the decision of the Exchange rendered within 30 (thirty) days”.

Article 20

- (1) The title of the Article 31 shall be amended to read as follows: “Negative Impact on Investors’ Interests”.
- (2) In Article 31:
 - a) in item 1, the words "or its conduct significantly deviates from the information specified in the admission document;" shall be inserted after the words “in the admission document”;
 - b) the word “decision” (*rješenje*) shall be substituted by the word “decision” (*odluka*).

Article 21

In Article 34, the new paragraph 3 shall be added which shall be read as follows:

“Provisions of the Title 6 of the Exchange Rules and other regulations of the Exchange which refer to the clearing and settlement shall apply on trading on the Progress Market whereby the term "regulated market" shall accordingly be construed as the term "Progress Market".”

Article 22

In Article 35(1), the words “supervises the activities of member firms who trade on Progress Market in order to determine possible violations of these Rules, disorderly trading or behaviour which may be indicative of market abuse” shall be substituted by the words “shall supervise the trade on the Progress Market, member firms, issuers and authorised advisors”.

Article 23

In Article 36(1) and 36(3), the words “by the member firms” and a comma shall be inserted after the word “omission”.

Article 24

- (1) In Article 36(2):
 - a) in item 1, the words “orderly and effective trading” shall be substituted by the words “fair, orderly and effective trading”;
 - b) item 2 shall be amended to read as follows: “such breach infringes or jeopardises the interest of investors;”
 - c) the words “which is determined by a final and binding verdict of the competent court;” shall be inserted at the end of item 4.
- (2) In Article 36(4), the word “sanctions” shall be substituted by the word “measures” and the words “by these Rules” and the comma after them shall be deleted.
- (3) In Article 36, the new paragraph 5 shall be added which shall be read as follows:

“Provision of the Exchange Rules on market protection measures which the Exchange is authorised to impose on member firms shall apply accordingly to authorised advisors, whereby the term "member" shall accordingly be construed as the term "authorised advisor".”

Article 25

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