



# **PROGRESS MARKET RULES**

Zagreb, October 2017

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

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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 and 123/16), at its 191 meeting held on 24 October 2017, the Management Board of the Zagreb Stock Exchange, Inc. issued the following

**PROGRESS MARKET  
RULES**

**1 INTRODUCTORY PROVISIONS**

**General Provisions**

Article 1

- (1) These Rules:
1. regulate the access to the Progress Market;
  2. define financial instruments which may be traded on the Progress Market and include the provisions on:
    - a) objective and transparent criteria for admission of financial instruments to trading on the Progress Market;
    - b) ensuring a sufficient level of publicly available information on financial instruments traded on the Progress Market and regulatory information concerning those financial instruments and their issuers, including, among others, financial reports in accordance with the requirements of the Delegated Regulation (EU) No 2017/565 and other applicable regulations; and
    - c) termination of trading of financial instruments on the Progress Market;
  3. determine an operating model appropriate for the performance of functions of the Exchange ensuring fair and orderly trading, including provisions on clearing and/or settlement systems which members may use to clear and/or settle any transactions concluded on the Progress Market;
  4. regulate supervision of trading on the Progress Market and effective control systems for prevention and detection of market abuse on the Progress Market as required under the Regulation (EU) No 596/2014.
- (2) These Rules shall apply together with other Exchange regulations referred to in these Rules or adopted by the Exchange within the scope of its authority.

## **Definitions**

### Article 2

- (1) In these Rules, unless the contents of certain provisions expressly require otherwise, the following terms shall have the following meaning:
1. **Agency** – the Croatian Financial Services Supervisory Agency;
  2. **Exchange** – Zagreb Stock Exchange, Inc.;
  3. **Price List** – the Price List of Zagreb Stock Exchange, Inc.;
  4. **member** – a person which has entered into a membership agreement with the Exchange, the user of a multilateral trading platform within the meaning of Article 124 CMA;
  5. **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 organizational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive;
  6. **financial instruments** – Financial Instruments as defined in the Article 3(1)(2)(a) and (b) of the CMA;
  7. **Progress Market website** – website of the Progress Market (<http://progress.market>);
  8. **issuer** – a legal entity, including the state, which issues or intends to issue financial instruments;
  9. **market protection measures** – measures which the Exchange is authorised to undertake in accordance with the Exchange Rules towards any member or issuer in order to ensure the protection of fair, orderly and efficient trading and protection of investors;
  10. **Exchange Rules** – the rules of the regulated market operated by Zagreb Stock Exchange, Inc.;
  11. **Rules** – these Progress Market Rules;
  12. **admission to trading** – a procedure enabling the trading of financial instruments on the Progress Market;
  13. **admission document** – a document produced for the purposes of admission of a financial instrument to trading on the Progress Market in accordance with the provisions of the Progress Market Rules;
  14. **Progress Market** – multilateral trading platform within the meaning of the Article 3(1)(19) of the CMA with the main purpose of trading financial instruments of issuers which qualify as small and medium-sized enterprises according to the criteria set forth in Article 77 of the Delegated Regulation (EU) No 2017/565;

15. **Register of authorised advisors** – register kept by the Exchange containing a list of persons who have acquired the status of authorised advisor;
16. **authorised advisor** – a person who has acquired the status of an authorised advisor in accordance with the Rulebook on Acquiring the Status of Authorised Advisor for the Progress Market, who has entered into an Agreement on providing advisory services with the Exchange and who is registered with the Register of authorised advisors;
17. **central depository** – the central register of dematerialized securities defined with the Article 488 of the CMA;
18. **central register** – the central register of dematerialized financial instruments defined with the Article 489 of the CMA and Regulation (EU) No 909/2014;
19. **transaction** – a legal transaction of sale and purchase of financial instruments which results from matching of appropriate sale and purchase orders via the Exchange trading system, in accordance with the provisions of the Exchange Rules;
20. **trading** – procedure of placing sale and purchase orders and concluding transactions with financial instruments via the Exchange trading system;
21. **trading day** – a day the trading system is opened to member for concluding transactions;
22. **trading system** – a computer program, computer and communication equipment, and data access network of the Exchange for data exchange between the computer system of a member or other users and the Exchange trading system;
23. **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;
24. **Regulation (EU) No 909/2014** – Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012;
25. **regulated market** – regulated market within the meaning of the Article 3(1)(20) of the CMA operated by the Zagreb Stock Exchange, Inc.;
26. **application for admission to trading** – application for admission of a financial instrument to trading on the Progress Market;
27. **CA** – the Companies Act (Official Gazette of the Republic of Croatia No. 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 144/12, 68/13, and 110/15);
28. **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 and 123/16).

- (2) For the purposes of these Rules, any term used in singular shall be taken to refer in the same manner to plural and *vice versa*, unless the context requires otherwise.
- (3) Any references to a particular rule or regulation shall be deemed a reference to any future amendment to such rule or regulation.

### **Rulebooks and Other Regulations**

#### Article 3

- (1) Rulebooks and other regulations (decisions, norms, etc.) for implementation of these Rules shall be adopted by the Exchange.
- (2) The Exchange shall publish all documents referred to in paragraph 1 of this Article on the Progress Market Website at least 7 (seven) days prior to the commencement of their application.
- (3) In the event of a conflict of provisions of the Rules and provisions of other regulations adopted by the Exchange, the provisions of these Rules shall prevail.

### **Notices for Investors**

#### Article 4

When investing in financial instruments traded on the Progress Market, the investors should take into consideration the following:

1. The Progress Market is an alternative market managed by the Exchange.
2. The main feature of the Progress Market are lower transparency requirements for issuers compared to the regulated market and, consequently, a higher associated risk of investing in financial instruments traded on the Progress Market.
3. In a manner envisaged under these Rules, the Exchange ensures a sufficient level of public disclosure of information, regulatory information on issuers, including financial reports, as well as on financial instruments traded on the Progress Market, in order to ensure fair and orderly trading and pricing.
4. The obligation of public disclosure of information, as envisaged by these Rules, shall be performed by the issuer who filed an application for admission to trading based on which the financial instrument has been admitted to trading on the Progress Market or, if applicable, by another person on its behalf.

5. The provisions of the CMA, Regulation (EU) No. 596/2014, other relevant regulations and bylaws adopted on the basis of such regulations which regulate prevention and detection of market abuse shall also apply to trading on the Progress Market.

## **2 ACCESS TO THE PROGRESS MARKET**

### **Right to Access**

#### Article 5

- (1) The right to access to the Progress Market and right to trading on the Progress Market may be exercised by members of the Exchange who meet all organizational, staffing, technical and other requirements for membership set forth in the Exchange Rules.
- (2) A member of the Exchange shall have no right to access to the Progress Market or a right to trading on the Progress Market if a measure of suspension or exclusion from membership has been issued in accordance with the Exchange Rules.
- (3) The provisions of the Exchange Rules regulating the procedure of admission to membership, rights and obligations of members, termination of membership and market protection measures, shall apply *mutatis mutandis* to the members of the Exchange who participate in trading on the Progress Market.
- (4) In cases which are not regulated under these Rules and which relate to the activities of members of the Exchange who participate in trading on the Progress Market, the provisions of the Exchange Rules governing the legal relationship between members of the Exchange and the Exchange shall also apply *mutatis mutandis*.

## **3 AUTHORISED ADVISORS FOR THE PROGRESS MARKET**

### **Role of the Authorised Advisor**

#### Article 6

- (1) An authorised advisor is a company authorised by the Exchange on the basis of a special decision approving its status of an authorised advisor in accordance with the Rulebook on Acquiring the Status of Authorised Advisor for the Progress Market and who is registered in the Register of authorised advisors.
- (2) Every issuer filing an application for admission of financial instruments to trading on the Progress Market is obliged to have appointed an authorised advisor at the time of filing the



application and at least for two years after the admission of its financial instruments to trading on the Progress Market.

- (3) In addition to other obligations set forth in the Rulebook on Acquiring the Status of Authorised Advisor for the Progress Market, an authorised advisor is also required to comply with the following obligations: (i) prior to filing the application for admission of financial instruments to trading on the Progress Market, the authorised advisor is obliged to determine whether all the requirements for admission of these financial instruments to the Progress Market are met; and (ii) during the period of at least two years after the admission of the financial instruments to the Progress Market, the authorised advisor is obliged to control whether the issuer of financial instruments complies with its obligations in accordance with these Rules, other relevant regulations of the Exchange and the applicable laws.
- (4) The Exchange will adopt the Rulebook on Acquiring the Status of Authorised Advisor for the Progress Market in order to regulate the following:
1. requirements which must be met by a company applying for the status of authorised advisor;
  2. procedure for acquiring and termination of the status of an authorised advisor, registration and deregistration of and authorised advisor in the Register of authorised advisors;
  3. rights and obligations of an authorised advisor;
  4. rules of cooperation between an authorised advisor and the Exchange;
  5. other issues relevant for regulating the role of authorised advisors and functioning of the Progress Market.

## **4 FINANCIAL INSTRUMENTS TO BE TRADED ON THE PROGRESS MARKET**

### **4.1 FINANCIAL INSTRUMENTS TO BE TRADED ON THE PROGRESS MARKET**

#### **Types of Financial Instruments**

##### Article 7

Financial instruments which may be traded on the Progress Market are all financial instruments for which the Exchange has obtained the authorisation from the Agency or for which such authorisation arises from the provisions of the CMA, and particularly:

1. shares or other securities equivalent to shares which represent a share in the capital or in shareholders' rights in a company, as well as depositary receipts for shares;

2. bonds and other types of securitized debt, including depositary receipts for securities.

#### 4.2 ADMISSION OF FINANCIAL INSTRUMENTS TO TRADING ON THE PROGRESS MARKET

##### **Application of the Rules**

###### Article 8

- (1) The provisions of these Rules shall be applicable either from the day of admission of a financial instrument to trading on the Progress Market or from the day on which the issuer has filed an application for admission to trading and until the date of termination of trading of that financial instrument on the Progress Market.

##### **Application for Admission of Financial Instruments to Trading on the Progress Market**

###### Article 9

- (1) The Exchange decides on admission of financial instruments to trading on the Progress Market.
- (2) An application for admission to trading may be submitted by the issuer. The application for admission to trading shall be submitted in writing, on the application form of the contents of which is determined by the Exchange.
- (3) The Exchange shall publish the application form referred to in paragraph 2 of this Article on the Progress Market website.
- (4) With the application for admission to trading, the issuer is required to enclose the admission document in accordance with Article 13 of these Rules and other documentation as envisaged by these Rules and the Rulebook on Acquiring the Status of Authorised Advisor for the Progress Market.
- (5) At the request of the Exchange, the Issuer is required to enclose other documents or to submit additional information that the Exchange considers appropriate in order to ensure the protection of investors.
- (6) The issuer is required to submit the documents and the information referred to in paragraph 5 of this Article in the form, within the time limit and in a manner specified by the Exchange.
- (7) All documents filed with the application for admission of financial instruments to trading on the Progress Market must be either in Croatian or English. Documents which are made in any other language are required to be accompanied by a certified translation into Croatian or English.

## **Duly Filled Application for Admission of Financial Instruments to Trading on the Progress Market**

### Article 10

An application for admission to trading on the Progress Market is deemed orderly if submitted by the issuer, duly signed by the authorised person of the issuer and accompanied by all documentation and information as prescribed or as requested by the Exchange.

## **Decision on Admission of Financial Instruments to Trading on the Progress Market**

### Article 11

- (1) The Exchange will render a decision on admission of financial instruments to trading on the Progress Market within 30 (thirty) days after the day of receipt of a duly submitted application.
- (2) In the event that the Exchange has requested submission of additional documents or information in accordance with the Article 9(5) of these Rules, the deadline for rendering a decision on admission of financial instruments to trading on the Progress Market referred to in paragraph 1 of this Article will start from the first day following the day of expiration of a deadline for submission of such additional documents or information.
- (3) The Exchange shall publish a decision on admission of financial instruments to trading on the Progress Market on the Progress Market website.
- (4) A decision allowing admission of a financial instrument to trading on the Progress Market will also include the determination of the first trading day of the respective financial instrument on the Progress Market. The Exchange and the issuer whose financial instruments are admitted to trading on the Progress Market shall enter into an agreement on admission of financial instruments to trading on the Progress Market regulating relations between the issuer and the Exchange.
- (5) The Exchange will decline admission of a financial instrument to trading on the Progress Market if the requirements set forth in these Rules, other regulations of the Exchange or in applicable laws are not met, and especially if:
  1. the admission document does not comply with the requirements set forth in the Rulebook on Form and Content of the Admission Document for Trading on the Progress Market; or
  2. it is evident from the submitted application or enclosed documentation or any additional information or document requested by the Exchange, that the requirements set forth in these Rules, the Rulebook on Form and Content of the Admission Document for Trading

on the Progress Market, the Rulebook on Acquiring the Status of Authorised Advisor for the Progress Market or other regulations of the Exchange regulating the Progress Market, are not met.

- (6) The Exchange may decline the admission of a financial instrument to trading regardless of the fact that such financial instrument meets the requirements for admission to trading on the Progress Market as envisaged in these Rules, and especially if:
1. the Exchange has estimated that such financial instrument cannot be traded in a fair, orderly and efficient manner;
  2. the Exchange has estimated that admission of such financial instrument to trading would jeopardize safety of trading or interests of trading participants.
- (7) The Exchange may accept the admission of a financial instrument to trading regardless of the fact that it does not meet all the requirements for admission to trading on the Progress Market as envisaged in these Rules or other regulations of the Exchange, if the Exchange has estimated that the admission of such a financial instrument is not inconsistent with the purposes of these requirements and if it considers that the trading of such financial instrument may be performed fairly, orderly and efficiently as well as that the admission of such a financial instrument to trading would not jeopardise safety of trading or interests of trading participants.
- (8) Decisions referred to in paragraph 5, paragraph 6 and paragraph 7 of this Article must be properly reasoned, while the decision referred to in paragraph 7 of this Article must be published on the Progress Market website.
- (9) If the application for admission of financial instruments to trading on the Progress Market has been denied, the application may be filed again only after the expiry of the 12 (twelve) months period after the day of delivery of the decision denying the application for admission of a financial instrument to trading on the Progress Market.

### **List of Financial Instruments Admitted to Trading on the Progress Market**

#### Article 12

The Exchange will publish a list of all financial instruments admitted to trading on the Progress Market on the Progress Market website.

#### 4.3 ADMISSION DOCUMENT

##### **Obligation to Produce an Admission Document**

###### Article 13

- (1) When submitting an application for admission of financial instruments to trading on the Progress Market, the issuer must produce an admission document (either as a basic admission document or as a summary admission document in accordance with the Rulebook on Form and Content of the Admission Document for Trading on the Progress Market) and enclose it with the application for admission of financial instruments to trading on the Progress Market.
- (2) The Exchange will determine, by a separate general regulation, the form and minimum content requirements for the admission document, measures to examine whether the admission document is complete, consistent and comprehensive, as well as the method and deadlines for producing and public disclosure of the admission document.
- (3) Upon the admission of financial instruments to trading on the Progress Market, the admission document referred to in paragraph 1 of this Article and the decision on admission of financial instruments to trading on the Progress Market will be published on the Progress Market website and available for the period of at least 5 (five) years as of the first trading day of a financial instrument on the Progress Market.

#### 4.4 REQUIREMENTS FOR ADMISSION OF FINANCIAL INSTRUMENTS TO TRADING ON THE PROGRESS MARKET

##### **Requirements for Financial Instruments**

###### Article 14

- (1) Financial instruments referred to in an application for admission to trading on the Progress Market must meet the following criteria:
  1. the financial instruments must be issued in accordance with the regulations applicable to them and must be freely transferrable;
  2. the legal status of the issuer of financial instruments must be in compliance with the legislation of the Republic of Croatia or of the state of the issuer's registered seat;
  3. financial instruments must be in non-materialised form;
  4. if the application for admission to trading refers to shares, at least 10% of the shares must be freely floated;

5. if the application for admission to trading refers to shares, Articles of Association of the issuer must contain the provisions referred to in paragraph 2 of this Article;
  6. issuer has prepared an admission document in accordance with these Rules and the Rulebook on Form and Content of the Admission Document for Trading on the Progress Market, including the following:
    - a) a declaration of the issuer to the effect that, according to its best knowledge and with due care, the information contained in the admission document is true and accurate, nothing was omitted from the admission document which could affect its significance and the valuation of the financial instruments for which the application for admission to trading on the Progress Market is submitted, and that the document contains a reliable description of risk factors associated with trading of the respective financial instruments;
    - b) a declaration of the authorised advisor by which the authorised advisor confirms that it has examined the admission document and has determined that the admission document has been prepared in accordance with requirements set forth in these Rules and in the Rulebook on Form and Content of the Admission Document for Trading on the Progress Market and, that, to its best knowledge and on the basis of documentation and information obtained from the issuer, the information contained in the admission document is true and accurate, as well as that the admission document contains a reliable description of risk factors associated with trading of the respective financial instruments and that the issuer meets the requirements for admission to trading on the Progress Market;
  7. an efficient settlement of transactions must be ensured for the financial instruments.
- (2) Articles of Association of the issuer must contain appropriate provisions governing the following:
1. the manner in which the general assembly may render a resolution to withdraw the shares from trading on the Progress Market and the manner of convening such a general assembly and the majority required to render a resolution to withdraw the shares from trading on the Progress Market;
  2. the protection of shareholders' rights in the event of termination of trading of the issuer's shares on the Progress Market, including, for example, the issuer's obligation to reimburse its shareholders for damages sustained as consequence of such trading termination or the obligation of the company to redeem shares from the shareholders if the termination of trading of the issuer's shares on the Progress Market is not based on a

- resolution of the general assembly or if those shareholders voted on the general assembly against the termination of trading;
3. the majority of votes required to amend the provisions of Articles of Association described above in points 1 and 2 of this paragraph is at least 90% of the total number of votes represented at the general assembly.
- (3) In the case referred to in paragraph 1(7) of this Article, an efficient settlement of transactions of financial instruments will be deemed to have been provided if the financial instruments have been issued in non-materialised form and have been registered with the central depository or the central register, and are included in the clearing and/or settlement system.

## **5 POST-ADMISSION REQUIREMENTS FOR TRADING OF FINANCIAL INSTRUMENTS ON THE PROGRESS MARKET**

### **5.1 GENERAL PROVISIONS**

#### **Obligation of Public Disclosure of Information**

##### Article 15

- (1) Following the admission of a financial instrument to trading on the Progress Market, the issuer of financial instruments admitted to trading on the Progress Market shall publicly disclose information in accordance with the provisions of the CMA, Regulation (EU) No 596/2014, Delegated Regulation (EU) 2017/565, other regulations and these Rules.
- (2) Any information which is subject to mandatory public disclosure under the provisions of the CMA, Regulation (EU) No 596/2014, Delegated Regulation (EU) 2017/565 and other regulations shall be disclosed to the public with the content and within the time frame specified by such regulations.
- (3) Any information which is subject to mandatory public disclosure under Articles 18, 19 and 20 of these Rules shall be disclosed to the public with the content, in a manner and within the time frame as specified by these Rules and other regulations of the Exchange.
- (4) The issuer shall furnish the Exchange with the information referred to in paragraphs 2 and 3 in the same time in order to facilitate a public disclosure in the electronic form and in the manner specified by the Exchange.

#### **Language Requirements for Public Disclosure**

##### Article 16

Information on the financial instruments admitted to trading on the Progress Market as well as all the information referred to in Article 15 of these Rules shall be published in Croatian and/or English language.

### **Means of Public Disclosure**

#### Article 17

In order to ensure a sufficient level of publicly available information, the Exchange shall publish on the Progress Market website all the information delivered by an issuer in accordance to Article 15 of these Rules and will provide a direct link to the website of that issuer on which such information is published, if the issuer has such website and has informed the Exchange thereof. The Exchange assumes no liability for the accuracy and completeness of the published information or the content and availability of the issuer's website.

### **Information by the Issuer of Shares**

#### Article 18

- (1) The issuer of shares admitted to trading on the Progress Market shall publicly disclose:
1. information on any changes in relation to the rights incorporated in these securities which occur following their admission to trading – without delay;
  2. information on general assembly meetings including an invitation to the general assembly meeting together with the agenda and the proposed resolutions to be adopted at the general assembly meeting – within the time frame laid down by the CA and other regulations which govern the establishment and operation of companies;
  3. any resolutions and information on resolutions adopted by the general assembly meeting – without delay;
  4. annual financial reports – not later than on 30 April each year;
  5. half-yearly financial reports – not later than on 31 August each year;
  6. information on capital increase or reduction – immediately after such change has been registered with the court registry;
  7. information on status changes of the issuer – immediately after such change has been registered with the court registry; and
  8. information defined in Article 7(1) of the Regulation (EU) No 596/2014 – as soon as possible.



- (2) Regulatory information from the previous paragraph and direct links to the information shall remain available on the Progress Market website for a period of not less than 5 (five) years as of the date of each publication.

### **Information by the Issuer of Debt Securities**

#### Article 19

- (1) The issuer of debt securities admitted to trading on the Progress Market shall publicly disclose:
1. information on any changes in relation to the rights incorporated in these securities which occur following their admission to trading – without delay;
  2. information on debt securities holders meetings including an invitation to the such meetings together with the agenda and the proposed resolutions to be adopted at the meeting – not later than five (5) trading days prior to the day of the general assembly of holders of debt securities;
  3. annual financial reports – within 6 (six) months as of the end of each financial year;
  4. half-yearly financial reports – within 4 (four) months as of the end of the first 6 (six) months of each financial year;
  5. information on capital increase or reduction – immediately after such change has been registered with the court register; and
  6. information defined in Article 7(1) of the Regulation (EU) No 596/2014 – as soon as possible.
- (2) Regulatory information from the previous paragraph and direct links to the information shall remain available on the Progress Market website for a period of at least 5 (five) years as of the date of each publication.

### **Current and Periodic Information**

#### Article 20

- (1) In addition to information referred to in Articles 18 and 19 of these Rules, the issuer of financial instruments admitted to trading on the Progress Market shall also publicly disclose other current and periodic information relevant for the trading of its financial instruments on the Progress Market.
- (2) The obligation of providing the Exchange with current and periodic information shall terminate at the end of the last trading day of the issuer's financial instruments on the Progress Market and, for debt financial instruments, at the end of the redemption day set in the terms of issue,

unless such instruments are cancelled by the issuer at an earlier date following their purchase or early redemption.

- (3) Current and periodic information should:
  1. include information reflecting the specific nature of a situation described in a true, fair and complete manner,
  2. be prepared in a manner enabling investors to assess the impact of information provided on the business, property and financial situation of the issuer or on the price or value of the respective securities.
- (4) Current and periodic information shall be published within 30 days as of the day of expiry of each quarter in the form of a checklist signed by the issuer of the financial instruments admitted to trading on the Progress Market. The Exchange shall publish a checklist form on the Progress Market website. During the first 2 (two) years following the day of admission of financial instruments to trading on the Progress Market, the authorised advisor of such issuer shall, by co-signing the checklist, confirm that the issuer has filled in the respective checklists in accordance with these Rules. However, the authorised advisor shall not be responsible for the truthfulness, accuracy and completeness of the information provided to it by the issuer. The content and form of the checklist shall be determined by the Exchange.
- (5) If it is determined that an issuer has failed to publish information required according to the provisions of this Article, the Exchange shall require such issuer to forthwith publish such information and to explain the reasons for its failure to publish such information earlier. If the issuer has appointed an authorised advisor, the Exchange may demand a report from the authorised advisor on the measures the authorised advisor has undertaken to ensure that the issuer takes the necessary actions on time and the reasons why they have not been taken.

### **Exchange Fees and Other Obligations**

#### Article 21

- (1) Issuers of financial instruments admitted to trading on the Progress Market and authorised advisors shall pay fees to the Exchange, in accordance with the Price List.
- (2) Issuers who have filed an application for admission to trading based on which financial instrument has been admitted to trading on the Progress Market and authorised advisors are obliged to comply, in an orderly and timely manner, with all the obligations set forth in these Rules, the Exchange Rules and other regulations of the Exchange as well as all relevant legislation and with all obligations arising from the agreements issuers and authorised advisors

have concluded with the Exchange in accordance with these Rules and the Rulebook on Acquiring the Status of Authorised Advisor for the Progress Market.

## **6 TERMINATION OF TRADING OF FINANCIAL INSTRUMENTS ON THE PROGRESS MARKET**

### **Reasons for Termination of Trading**

#### Article 22

- (1) Trading of financial instruments on the Progress Market may be terminated:
1. at the request of the issuer;
  2. pursuant to a decision of the Agency, court or other public authority;
  3. on maturity or early redemption of a debt financial instrument;
  4. where the financial instrument and/or issuer no longer meets the criteria for admission to trading on the Progress Market and/or in the event of non-compliance by the issuer with the post-admission requirements set forth in these Rules;
  5. in the event of opening of bankruptcy proceedings against the issuer;
  6. in the event of opening of liquidation proceedings against the issuer;
  7. by dissolution of the issuer;
  8. by cessation of the financial instrument;
  9. in the event of listing of the financial instrument on the regulated market operated by the Exchange;
  10. if the issuer does not comply with the provisions of the Rulebook on Acquiring the Status of Authorised Advisor for the Progress Market regarding its obligations towards a compulsory authorised advisor;
  11. if, in the opinion of the Exchange, there is a reasonable doubt that the scope, mode or circumstances of the activities performed by the issuer may have a negative impact on the safety of trading of financial instruments on the Progress Market or the interest of trading participants.
- (2) The last trading day of a financial instrument on the Progress Market will be determined by a decision of the Exchange.
- (3) The decision on termination of trading of a financial instrument on the Progress Market shall be submitted by the Exchange to the Agency without delay and published on the Progress Market website.

### **Issuer's Request**

#### Article 23

In the case referred to in Article 22(1)(1) of these Rules, trading of a financial instrument on the Progress Market will terminate after expiry of 2 (two) months after the day on which the decision on termination has been rendered by the Exchange.

### **Maturity or Premature Redemption of Debt-Based Financial Instrument**

#### Article 24

In the case referred to in Article 22(1)(3) of these Rules, trading of financial instruments on the Progress Market shall terminate on the same trading day or on the following trading day after the day the Exchange has received the information on maturity or early redemption of a debt financial instrument from the issuer or from the central depository or the central registry which provides services in relation to the respective financial instrument.

### **Non-Compliance with Admission Requirements and/or Non-Compliance with Post-Admission Requirements**

#### Article 25

- (1) In the event referred to in Article 22(1)(4) of these Rules, the Exchange will, in principle, render a decision on termination of trading of financial instruments on the Progress Market upon completing 2 (two) consecutive periodic reviews, unless the circumstances of a particular case require otherwise.
- (2) Without prejudice to paragraph 1 of this Article, the Exchange may render a decision on termination of trading of financial instruments as a market protection measure in accordance with the provisions of the Exchange Rules.
- (3) In the case referred to in paragraph 1 of this Article, trading of financial instruments will terminate upon expiry of 1 (one) month after the day on which the decision on termination of trading on the Progress Market has been rendered, unless the circumstances of a particular case require otherwise.

### **Bankruptcy Proceedings against the Issuer**

#### Article 26

- (1) In the case referred to in Article 22(1)(5) of these Rules, trading of financial instruments on the Progress Market will terminate on the basis of a request for termination of trading submitted by the bankruptcy administrator, the issuer or if so decided by the Exchange in order to ensure the protection of investors and fair, orderly and efficient trading.
- (2) In the case referred to in paragraph 1 of this Article, trading of financial instruments will terminate upon expiry of 1 (one) month after the day on which the decision on termination of trading on the Progress Market has been rendered.
- (3) By way of an exception from paragraph 2 of this Article, if no transactions are concluded with the financial instrument within the period of 3 (three) months prior to the day of receipt of the request for termination of trading of the financial instrument, the trading will terminate on the following trading day after the day on which the decision on termination of trading on the Progress Market has been rendered.

### **Liquidation Proceedings**

#### Article 27

- (1) In the case referred to in Article 22(1)(6) of these Rules, trading of financial instruments on the Progress Market will terminate on the basis of a request for termination of trading submitted by the liquidator, the issuer or if so decided by the Exchange in order to ensure the protection of investors and fair, orderly and efficient trading.
- (2) In the case referred to in paragraph 1 of this Article, the trading of the financial instrument will terminate on the following trading day after the day on which the decision on termination of trading on the Progress Market has been rendered, unless the circumstances of a particular case require otherwise.

### **Dissolution of the Issuer or Cessation of the Financial Instrument**

#### Article 28

In the case referred to in Article 22(1)(7) and (8) of these Rules, the trading of financial instruments on the Progress Market will terminate on the same or on the following trading day after the day the Exchange has received a decision on registration of a status change or dissolution of the issuer with the court registry or a decision of the central depository or central registry.

### **Listing of Financial Instruments on the Regulated Market operated by the Exchange**

#### Article 29

In the case referred to in Article 22(1)(9) of these Rules, the trading of a financial instrument on the Progress Market will terminate by a decision of the Exchange.

### **Non-Compliance with the Obligations Towards the Compulsory Authorised Advisor**

#### Article 30

In the case referred to in Article 22(1)(10) of these Rules, the trading of a financial instrument on the Progress Market will terminate by the decision of the Exchange upon expiry of 30 (thirty) days after the day of receipt of the compulsory authorised advisor's notice on the issuer's non-compliance with its obligations.

### **Negative Impact on the Safety of Trading or Trading Participant's Interests**

#### Article 31

In the case referred to in Article 22(1)(11) of these Rules, in particular, where:

1. the issuer fails to start operations within the scope or on the date indicated in the admission document;
2. the issuer ceases to perform its core activities;
3. the scope of the issuer's activity has been changed;
4. the issuer's financial or business standing has significantly deteriorated;

the trading of financial instruments on the Progress Market will terminate by the decision of the Exchange.

### **Exclusion of Liability of the Exchange**

#### Article 32

The Exchange shall not be held liable for any direct or indirect damages and/or loss of profits incurred as consequence of a decision on termination of trading of financial instruments on the Progress Market.

## **7 TRADING**

### **Application of the Exchange Rules**

#### Article 33

- (1) The provisions of Title 5 of the Exchange Rules and other regulations of the Exchange related to trading shall also apply *mutatis mutandis* to trading on the Progress Market, whereby the term "regulated market" shall accordingly be replaced by the term "Progress Market".
- (2) Members of the Exchange shall pay fees to the Exchange in accordance with the Price List for all transactions concluded with financial instruments admitted to trading on the Progress Market.

## **8 CLEARING AND/OR SETTLEMENT**

### Article 34

- (1) Clearing and/or settlement of individual and/or all Progress Market transactions with financial instruments shall be conducted in accordance with the rules and instructions of the clearing and/or settlement system selected by the Exchange pursuant to the provisions of the CMA and other legislation.
- (2) The Exchange will notify its members and the public of the selected system for clearing and/or settlement of individual and/or all transactions concluded on the Progress Market via its website immediately upon obtaining the approval of the Agency.

## **9 SUPERVISION**

### **Supervision and Adequate Application of the Exchange Rules**

#### Article 35

- (1) In order to preserve the integrity of the capital market and trust of the investors, within the scope of the authority granted to it under the CMA, Regulation (EU) No 596/2014, Delegated Regulation (EU) No 2017/565, other regulations and these Rules, the Exchange shall supervise the activities of members who trade on the Progress Market in order to determine possible violations of these Rules, disorderly trading or behaviour which may be indicative of market abuse.
- (2) Provisions of Title 8 of the Exchange Rules and other regulations of the Exchange related to the supervision of trading and investors shall also apply, *mutatis mutandis*, to the supervision of the Progress Market, whereby the term "regulated market" shall be adequately replaced by the term "Progress Market".

## **10 BREACH OF THE RULES**

### **Breach of the Rules and Severe Breach of the Rules**

#### **Article 36**

- (1) Any act or omission by the issuer or authorised advisor that is in violation of the provisions of these Rules, the Exchange Rules, the Rulebook on Acquiring Advisor Status on the Progress Market, the Rulebook on Form and Content of the Admission Document for Trading on the Progress Market or other regulations of the Exchange regulating the Progress Market or agreements entered into between the Exchange and issuers or between the Exchange and authorised advisors, shall be considered a breach of these Rules.
- (2) Any breach referred to in paragraph 1 of this Article shall be considered a severe breach of these Rules if:
  1. such breach infringes or jeopardizes the fair, orderly and effective trading of a financial instrument in question;
  2. such breach infringes or jeopardizes the safety of trading or the interest of trading participants;
  3. such breach is continuously repeated and especially if such breach is repeated more than twice within a period of six months;
  4. such breach involves commitment of a criminal offense;
  5. it represents a specific breach that is considered a severe breach of the Rules or other regulations of the Exchange on the basis of the explicit provision of these Rules or other regulations of the Exchange or under the agreements concluded between the Exchange and the issuers or between the Exchange and authorised advisors.
- (3) The Exchange is exclusively authorised to determine whether a particular act or omission of an issuer or of an authorised advisor is to be considered a breach or a severe breach of these Rules.
- (4) In the event of a breach of these Rules referred to in paragraph 1 of this Article or a severe breach of these Rules referred to in paragraph 2 of this Article, the Exchange shall be authorised to take all measures and to impose any sanctions envisaged by these Rules, Exchange Rules or other regulations of the Exchange or by agreements concluded between the Exchange and issuers or between the Exchange and authorised advisors.



## **11 DISPUTES**

### **Dispute Resolution**

#### Article 36

- (1) The Exchange, the members and the issuers shall attempt to resolve any disputes which may arise from or in connection with these Rules, as well as their legal effects, amicably and in the spirit of best business practices.
- (2) In the event of failure to reach an amicable settlement, disputes shall be referred to the competent court in Zagreb.

## **11 TRANSITIONAL AND FINAL PROVISIONS**

### **Amendments to the Rules**

#### Article 37

- (1) Amendments to these Rules shall be adopted by the Exchange Management Board.
- (2) Regulations referred to in paragraph 1 of this Article shall be published by the Exchange on the Progress Market website not later than 7 (seven) days prior to the day of their entrance into force and effect.

### **Interpretation of the Rules**

#### Article 38

- (1) Authoritative interpretation of the provisions of these Rules shall be provided by the Exchange.
- (2) A request for an authoritative interpretation of the provisions of these Rules shall be submitted to the Exchange in writing, indicating the provision concerned and stating the reasons for interpretation.
- (3) The Exchange is authorised to seek further clarifications from the persons submitting the request.
- (4) The Exchange shall provide the interpretation in writing within thirty (30) days as of the day of submission of the request referred to in paragraph 2 of this Article.
- (5) The authoritative interpretation shall have legal effects as of the date of the entry into force of the provision of the Rules in respect to which it is provided.

### **Departing from Application of the Rules**

#### Article 39

The Exchange may depart from the application of any provision of these Rules if necessary in a particular case in order to prevent damages or to protect investors or interests of the Exchange or to prevent unlawful misconduct or for the purposes of compliance with law. The Exchange shall notify the Agency of any action taken in accordance with this Article.

### **Entry into Force and Effect**

#### Article 40

- (1) These Rules shall enter into force and effect on 2 November 2017.
- (2) Rulebooks and other regulations necessary for implementation of these Rules shall be adopted by the Exchange within 30 (thirty) days as of the day of entry of these Rules into force and effect.