



## **PROGRESS MARKET**

### **RULES<sup>1</sup>**

Zagreb, July 2019

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<sup>1</sup> 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 provisions of Article 352(3) of the Capital Markets Act (Official Gazette *Narodne Novine*, NN No 65/18), at its 235<sup>th</sup> meeting held on 2<sup>nd</sup> July 2019 the Management Board of the Zagreb Stock Exchange Inc., Zagreb, adopted the following

## **PROGRESS MARKET RULES**

### **PRELIMINARY PROVISIONS**

#### General Provisions

##### Article 1

(1) These Rules regulate the following:

1. access to the Progress Market;
2. financial instruments which may be traded on the Progress Market, including the provisions on:
  - a) criteria for admission of financial instruments to trading on the Progress Market;
  - b) obligation to disclose information relating to the financial instruments admitted to trading on the Progress Market and to the issuers;
  - c) termination of trading in financial instruments on the Progress Market;
3. types and methods of trading, including the provisions on the clearing and/or settlement systems which member firms may use to clear and/or settle any transactions concluded, and trading transparency;
4. surveillance of trading on the Progress Market, and provisions to prevent and detect market abuse.

(2) These Rules shall apply together with other acts of the Exchange referred to in these Rules or adopted by the Exchange within the scope of its powers.

## Definitions

### Article 2

(1) For the purpose of these Rules, the following terms shall have the following meanings, unless evidently implied otherwise by the content of a particular provision:

1. Agency – the Croatian Financial Services Supervisory Agency;
2. Exchange – Zagreb Stock Exchange, Inc.;
3. Price List – the Price List of the Zagreb Stock Exchange, Inc.;
4. member firm – a person which concludes an agreement with the Exchange for membership of the Zagreb Stock Exchange, Inc.;
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 organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive;
6. Progress Market website – the website of the Progress Market (<http://progress.market/hr>);
7. issuer – a legal entity, including the government, which issues or intends to issue financial instruments;
8. measures to protect market integrity – measures which the Exchange is authorised to undertake pursuant to the Exchange Rules in respect of the member firm, adviser or issuer to protect fair, orderly and efficient trading and to protect investors;
9. person discharging managerial responsibilities – a person specified in Article 3(1)(25) of Regulation (EU) No 596/2014;
10. personal data – data relating to an identified or identifiable natural person (“data subject”);
11. Exchange Rules – the rules of the regulated market managed by Zagreb Stock Exchange, Inc.;
12. Rules – these Progress Market Rules;
13. admission to trading – the procedure which enables trading in the financial instrument on the Progress Market;
14. admission document – a document prepared for the purpose of admitting financial instruments to trading on the Progress Market under the provisions of the Progress Market Rules;
15. Progress Market – a multilateral trading facility registered as an SME growth market under the provisions of Article 352 of the CMA;
16. Register of advisers – a register kept by the Exchange of the persons authorised to provide advisory services;
17. regulatory information – information set out in Article 78(2)(h) of Delegated Regulation (EU) No 2017/565, specifically: (i) an admission document or a prospectus relating to financial instruments admitted to trading on the Progress Market, (ii) annual and semi-annual financial statements of the issuer; and (iii) information referred to in Article 7(1) of Regulation (EU) No 596/2014 which are disclosed publicly by the issuers whose financial instruments are admitted to trading on the Progress Market;
18. adviser – a person that has been granted the status of adviser in accordance with the Rulebook on the grant of status of Progress Market adviser, has entered into an agreement for the provision of advisory services with the Exchange and is registered in the Register of advisers;
19. central depository – the central register of dematerialised securities defined by the provisions of the CMA;
20. trading – a procedure of entering buy and sell orders and concluding transactions in financial instruments via the Exchange trading system;
21. trading day – a day on which the trading system is open to member firms to conclude transactions;

22. Regulation (EU) No 596/2014 – Regulation (EU) No 596/2014/EC of the European Parliament and of the Council of 16 April 2014 on market abuse;
23. Regulation (EU) No 600/2014 – Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012;
24. regulated market – regulated market as defined in Article 2(1)(13) of Regulation (EU) No 600/2014 which is managed by the Zagreb Stock Exchange, Inc.;
25. person closely associated – a person defined in Article 3(1)(26) of Regulation (EU) No 596/2014;
26. financial instruments – financial instruments set out in Article 7 of these Rules;
27. application for admission to trading – an application to have financial instruments admitted to trading on the Progress Market;
28. CA – the Companies Act (NN Nos 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 144/12, 68/13, 110/15, and 40/19);
29. CMA – the Capital Market Act (NN No 65/18).

(2) For the purposes of these Rules, any terms used in singular shall be taken to refer also to plural and vice versa, unless the context requires otherwise.

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

#### Other Rules and Acts

##### Article 3

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

(2) The acts referred to in paragraph 1 of this article shall be published by the Exchange on its website not less than 7 (seven) days prior to the commencement of their application.

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

#### Notes for Investors

##### Article 4

(1) When investing in financial instruments traded on the Progress Market, investors should take into account the following:

1. The Progress Market is an SME Growth Market managed by the Exchange.
2. The main characteristic of the Progress Market are lower transparency requirements for the issuers compared to the regulated market and, consequently, a higher associated risk of investing in financial instruments traded on the Progress Market.
3. The Exchange ensures in the manner provided for in these Rules that regulatory information on the issuers, including their financial statements and information about financial instruments traded on the Progress Market is publicly available to ensure fair and orderly trading and pricing.
4. The obligation to publicly disclose any information laid down in these Rules is binding on the issuer based on whose application a financial instrument has been admitted to trading on the Progress Market or another person on behalf of the issuer, if applicable.
5. The provisions of the CMA, Regulation (EU) No 596/2014 and other applicable regulations and subordinate legislation adopted on the basis of such regulations relating to the prevention and detection of market abuse shall apply to trading on the Progress Market.

**ACCESS TO THE PROGRESS MARKET**

## Access Rights

## Article 5

- (1) The right of access to and trading on the Progress Market shall be exercised by Exchange members what meet all organisational, personnel, technical and other requirements for membership laid down in the Exchange Rules.
- (2) A member against whom the measure of suspension or exclusion from membership has been imposed under the Exchange Rules shall have no right of access to or trading on the Progress Market.
- (3) The provisions of the Exchange Rules on the procedure of admission to membership, rights and obligations of members, termination of membership and measures to protect market integrity which the Exchange may impose on a member firm, shall apply *mutatis mutandis* to Exchange members trading on the Progress Market.
- (4) Any cases not regulated by these Rules relating to the activities of Exchange members trading on the Progress Market shall be subject *mutatis mutandis* to the provisions of the Exchange Rules governing the legal relations between member firms and the Exchange.

## PROGRESS MARKET ADVISERS

### Role of Advisers

#### Article 6

(1) An adviser is a company which has been granted adviser status by the Exchange, in accordance with the Rulebook on the grant of status of Progress Market adviser and which has been entered in the Register of Advisers.

(2) Each issuer submitting an application for admission of financial instruments to trading on the Progress Market shall have an adviser appointed for not less than 2 (two) years from the date of admission of its financial instruments to trading on the Progress Market.

(3) In addition to other obligations laid down in the Rulebook on the grant of status of Progress Market adviser, the adviser shall perform at least the following obligations: (i) prior to submitting an application for admission of financial instruments to trading on the Progress Market, the adviser shall verify whether the issuer has collected all requisite documents for admission of financial instruments to trading on the Progress Market; and (ii) over a period of not less than 2 (two) years after the financial instruments have been admitted to trading on the Progress Market, the adviser shall make sure that the issuer complies with its obligations under these Rules, other relevant acts of the Exchange and applicable regulations.

(4) By the Rulebook on the grant of status of Progress Market adviser, the Exchange shall regulate:

1. the requirements to be met by a company seeking to be granted adviser status;
2. the procedure for the grant and revocation of adviser status, registration and deletion of advisers in the Register of advisers;
3. rights and obligations of advisers;
4. rules of cooperation with the Exchange;
5. other issues relevant for regulating the role of adviser and functioning of the Progress Market.

## FINANCIAL INSTRUMENTS TRADED ON THE PROGRESS MARKET

### FINANCIAL INSTRUMENTS TRADED ON THE PROGRESS MARKET

#### Types of Financial Instruments

##### Article 7

(1) The following financial instruments may be traded on the Progress Market:

- (i) shares, including depositary receipts for underlying shares; and
- (ii) bonds, including depositary receipts for underlying bonds.

(2) Any provisions of these Rules relating to financial instruments shall also apply to depositary receipts, except where expressly provided for otherwise for depositary receipts.

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

#### Application of the Rules

##### Article 8

The provisions of these Rules shall apply from the day on which a financial instrument is admitted to trading on the Progress Market or from the day on which the issuer submits an application for admission to trading, until the day of termination of trading in the financial instrument on the Progress Market.

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

##### Article 9

(1) The admission of a financial instrument in trading on the Progress Market shall be decided on by the Exchange.

(2) An application for admission to trading may be submitted by the issuer or a person authorised by the issuer. (2) The application for admission to trading shall be submitted in writing on a form of the content to be specified by the Exchange.

(3) The application form referred to in paragraph 2 of this Article shall be published by the Exchange on the Progress Market website.

(4) The application for admission of financial instruments to trading on the Progress Market shall be accompanied by an admission document, in accordance with Article 13 of these Rules and other documents provided for in these Rules and the Rulebook on the form and content of the admission document for trading in financial instruments on the Progress Market.

(5) At the request of the Exchange, the issuer shall also enclose other documents or provide additional information deemed appropriate by the Exchange to protect investors.

(6) The applicant shall submit any documents and data referred to in paragraph 5 of this article in the form, time and manner specified by the Exchange.

(7) Any documents enclosed to the application for admission of financial instruments to trading on the Progress Market shall be prepared in Croatian or English. Documents prepared in another language shall be accompanied by a certified translation to Croatian or English.

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

##### Article 10

The application for admission in trading shall be considered orderly if it is submitted by the issuer or a person authorised by the issuer, if it is signed by the authorised officer of the issuer and accompanied by all the requisite information and documents requested by the Exchange enclosed with it.

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

##### Article 11

(1) The Exchange shall adopt a resolution concerning the application for admission of financial instruments to trading on the Progress Market within 30 (thirty) days from the day of receipt of the orderly application.

(2) If the Exchange requests from the issuer to provide additional documents or data, in accordance with Article 9(5) of these Rules, the time limit for the adoption of a resolution concerning the application for admission of financial instruments to trading on the Progress Market referred to in paragraph 1 of this article will begin to run from the day of supplementation of the application referred to in Article 9 of these Rules.

(3) A resolution admitting financial instruments to trading shall be published by the Exchange on the Progress Market website.

(4) The Exchange will also specify the first day of trading in financial instruments on the Progress Market by the resolution admitting those financial instruments to trading on the Progress Market.

(5) The Exchange will refuse to admit a financial instrument to trading on the Progress Market for failure to comply with the requirements for it provided for in these Rules, other acts of the Exchange or relevant regulations, particularly if:

1. the admission document is not compliant with the requirements set out in the Rulebook on the form and content of the admission document for trading in financial instruments on the Progress Market; or
2. the application submitted or documents enclosed with it or from any additional information or document requested by the Exchange point to non-compliance with the requirements set out in these Rules, the Rulebook on the form and content of the admission document for trading in financial instruments on the Progress Market, the Rulebook on the grant of status of Progress Market adviser or other acts of the Exchange relating to the Progress Market.

(6) The Exchange may refuse to admit a financial instrument to trading also if the financial instrument complies with the requirements for admission to trading on the Progress Market, particularly where:

1. the Exchange assesses that the financial instrument is incapable of being traded in a fair, orderly and efficient manner;
2. the Exchange assesses that the admission of the financial instrument to trading would compromise investor interests.

(7) The Exchange may admit the financial instrument to trading also even if the financial instrument or the issuer do not meet all requisite criteria for admission to trading on the Progress Market laid

down in these Rules or other acts of the Exchange, if the Exchange assesses that the admission of such financial instrument is not contrary to the reasons for which such requirements have been laid down and if it believes that the financial instrument is capable of being traded in a fair, orderly and efficient manner and that its admission to trading would not compromise investor interests.

(8) Resolutions referred to in paragraphs 5, 6 and 7 of this article must be reasoned, and the resolution referred to in paragraph 7 of this article shall be published on the Progress Market website.

(9) In the event that an application for admission of a financial instrument to trading on the Progress Market is refused, a repeat application may be submitted only on expiry of 6 (six) months from the day of delivery of an Exchange decision refusing the initial application for admission of financial instruments to trading on the Progress Market.

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

##### Article 12

A list of all financial instruments admitted to trading on the Progress Market shall be published by the Exchange on the Progress Market website.

## ADMISSION DOCUMENT

## Obligation to Prepare an Admission Document

## Article 13

- (1) On submitting an application for admission of financial instruments to trading on the Progress Market, the issuer shall prepare an admission document and enclose it with the application for admission of financial instruments to trading on the Progress Market.
- (2) The form and the minimum content of the admission documents, the measures to review completeness, consistency and comprehensiveness as well as understandability of the admission document and the manner and time limits for its preparation and publication shall be set out by the Exchange in a separate general act.
- (3) On admission of financial instruments to trading on the Progress Market, the admission document referred to in paragraph 1 of this article and the resolution on admission of the financial instrument to trading on the Progress Market shall be published on the Progress Market website and made available for a period of not less than 5 (five) years.

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

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

## Article 14

(1) Financial instruments in respect of which an application for admission in trading on the Progress Market is submitted shall meet the following criteria:

1. financial instruments must be issued in accordance with the regulations that apply to them and must be freely negotiable;
2. the issuer must be established in accordance with the regulations of the Republic of Croatia or of the country of the issuer's domicile;
3. financial instruments must be in book-entry (dematerialised) form;
4. if the application for admission to trading concerns shares, at least 10 % of the shares to which it relates must be distributed to the public (i.e. in free float, to be is determined by applying relevant provisions of the Exchange Rules);
5. if the application for admission to trading concerns shares, the issuer status must contain provisions set out in paragraph 2 of this article;
6. the issuer has prepared an admission document in compliance with these Rules and the Rulebook on the form and content of the admission document for trading in financial instruments on the Progress Market, including:
  - a) a declaration of the issuer to the effect that the information contained in the admission document, to the best knowledge and with due consideration of the issuer, is true and accurate; that there is sufficient information in the admission document to enable investors to make an informed decision about whether or not to invest in the financial instruments for which the application for admission to trading on the Progress market is submitted; that the document provides a reliable description of the factors of risks associated with the issuer and participation in trading in its financial instruments referred to in this this admission document; that the completeness, consistency, comprehensiveness and understandability of the admission document has been reviewed and established by the adviser;
  - b) a declaration of the adviser confirming that it has reviewed the admission document and ascertained that the information contained in the admission document, to the best knowledge of the adviser and based on the documents and information provided by the issuer, is complete, accurate and true; that the admission document contains a reliable description of the factors of risks associated with the issuer and participation in trading in its financial instruments referred to in this this admission document; that it has reviewed and established the completeness, consistency, comprehensiveness and understandability of the admission document;
7. an efficient transaction settlement must be provided in respect of any financial instruments for which an application for admission to trading on the Progress Market has been submitted; that criterion will be deemed to be met if the financial instrument has been entered in the central depository or central register and included in the clearing and/or settlement system.

(2) The articles of association of the issuer must contain a provision for a resolution on withdrawal of its shares from trading on the Progress Market to be passed by votes in the Annual General Meeting (AGM) representing at least three-quarters of the share capital represented at the AGM deciding on the matter. The articles may also provide for a higher majority to be necessary for passing such resolution.

(3) In addition to the admission document referred to in Article 13 of these Rules (with all requisite declarations and enclosures), the application for admission of financial instruments to trading on the

Progress Market needs to be accompanied by a deed of incorporation of the issuer and an agreement for the provision of advisory services entered into between the issuer and the adviser.

## POST-ADMISSION REQUIREMENTS FOR TRADING IN FINANCIAL INSTRUMENTS ON THE PROGRESS MARKET

### GENERAL PROVISIONS

#### Obligation of Public Disclosure of Information

##### Article 15

(1) Following the admission of financial instruments have been admitted to trading on the Progress Market, the issuer is required to disclose to the public information under 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 the 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 within the scope of the content and time limits specified in such regulations.

(3) Any information which is subject to the mandatory public disclosure under these Rules shall be disclosed to the public in the form, within the scope of the content, time limits and in the manner specified in these Rules and other acts of the Exchange.

(4) The issuer, persons discharging managerial responsibilities and persons closely associated with them shall meet relevant requirements applicable to them under Regulation (EU) No 596/2014.

(5) The issuer shall simultaneously provide the information referred to in paragraphs 2 and 3 of this article to the Exchange for the purpose of its disclosure to the public in electronic form in the manner to be specified by the Exchange. (5) The information referred to in paragraphs 2 and 3 of this article shall be disclosed to the public by the Exchange without delay via the Progress Market website.

#### Information Publication Language

##### Article 16

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

#### Publication Method

##### Article 17

(1) In order to ensure adequate levels of publicly available information, the Exchange shall refer investors to the website of the issuer on which the information has been published. The Exchange accepts no responsibility for the accuracy and completeness of information published or for the content and availability of issuer websites.

(2) The admission document, financial statements referred to in Articles 18 and 10 of these Rules and information referred to in Article 7(1) of Regulation (EU) No 596/2014 published by the issuer must be available to the public either by being published on the Progress Market website or through a direct link, posted on the Progress Market website, to the issuer's website at which such documents, statements or information has been published.

(3) Documents, statements and information referred to in paragraph 2 of this article or direct links to issuer websites must be available on the Progress Market website for a period of not less than 5 (five) years from the day on which they have been published.

## Share Issuer Information

### Article 18

An issuer of shares that have been admitted to trading on the Progress Market shall disclose to the public:

1. information on any changes in relation to the rights attaching to the financial instrument which may arise following the admission to trading – without delay;
2. notice of the AGM, including an invitation to the AGM with the agenda and proposal of resolutions to be adopted there – within the time limits laid down in the CA or regulations governing the establishment and operation of companies;
3. any resolutions or information on the resolutions adopted at the AGM – without delay;
4. audited annual financial statements – within 6 (six) months from the end of each financial year;
5. unaudited semi-annual financial statements – within 4 (six) months from the end of the first half of each financial year;
6. information on share capital increase or reduction – immediately on the entry of the change in the court register;
7. information on status changes of the issuer – immediately on the entry of the change in the court register;
8. information referred to in Article 7(1) of Regulation (EU) No 596/2014 and other information under Regulation (EU) No 596/2014 – as early as possible.

## Bond Issuer Information

### Article 19

An issuer of bonds that have been admitted to trading on the Progress Market shall disclose to the public:

1. information on any changes in relation to the rights attaching to the financial instrument which may arise following the admission to trading – without delay;
2. notice of the meeting of bond holders, including an invitation to the meeting with the agenda and proposal of resolutions to be adopted there – not later than 5 (five) trading days prior to the day of the meeting of bond holders;
3. audited annual financial statements – within 6 (six) months from the end of each financial year;
4. unaudited semi-annual financial statements – within 4 (four) months from the end of the first half of each financial year;
5. information on share capital increase or reduction – immediately on the entry of the change in the court register;
6. information referred to in Article 7(1) of Regulation (EU) No 596/2014 and other information under Regulation (EU) No 596/2014 – as early as possible.

## Control Reports

### Article 20

(1) In addition to the information referred to in Articles 18 and 19 of these Rules, the issuer of any financial instruments admitted to trading on the Progress Market shall disclose to the public duly filled out and signed control reports.

(2) The control report form is published by the Exchange on the Progress Market website.

(3) Control reports shall be published for each calendar quarter within a month from the end of each quarter. Control reports shall be signed by the issuer of financial instrument admitted to trading on the Progress Market. During the first 2 (two) years from the date of admission of financial instruments to trading on the Progress Market, control reports shall also be signed by the adviser. However, the adviser waives responsibility for the truthfulness, accuracy and completeness of data contained in control reports.

(4) If the issuer is found not to have published a control report in accordance with this article, the Exchange will request that the issuer publish it without delay and explain the reasons for failure to do so earlier. If the issuer has an adviser appointed, the Exchange may seek response of the adviser on the measure the adviser has taken to ensure that the issuer will publish the control report in a timely manner and on the reasons why it has not been published.

## Exchange Fee

### Article 21

Any issuers whose application for a financial instrument to be admitted to trading on the Progress Market has been granted and advisers shall pay an Exchange fee specified in the Price List.

## TERMINATION OF PROGRESS MARKET TRADING IN FINANCIAL INSTRUMENTS

### Reasons for Termination of Trading

#### Article 22

(1) Trading in a financial instrument on the Progress Market may terminate:

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 the bond;
4. where the financial instrument and/or the issuer no longer meet the criteria for admission to trading on the Progress Market and/or where the issuer fails to comply with post-admission requirements for trading on the Progress Market laid down in these Rules;
5. in the event that bankruptcy proceedings are instituted against the issuer;
6. in the event that liquidation proceedings are instituted against the issuer;
7. by dissolution of the issuer;
8. by cessation of the financial instrument;
9. in the event that the financial instrument is listed on the regulated market managed by the Exchange;
10. for non-compliance of the issuer with the provisions of the Rulebook on the grant of status of Progress Market adviser relating to its obligations to the compulsory adviser;
11. if, in the opinion of the Exchange, there are reasonable grounds for suspicion that the scope, manner or circumstances of the performance of issuer's activities may have a negative impact on the security of trading in financial instruments on the Progress Market or on investor interests.

(2) The last day of trading in the financial instrument on the Progress Market shall be determined by resolution of the Exchange.

(3) A resolution to terminate trading in financial instruments on the Progress Market shall be submitted by the Exchange to the Agency without delay and published on the Progress Market website.

### Request of the Issuer

#### Article 23

In the case referred to in Article 22(1)(1) of these Rules, the Exchange will adopt a resolution to terminate trading in financial instruments within 30 (thirty) days from the day of receipt of a due and complete request of the issuer. If the request refers to shares, the request must be accompanied by a resolution of the issuer's AGM on withdrawal of shares from trading on the Progress Market. Termination of trading in a financial instrument on the Progress Market shall occur on expiry of 2 (two) months from the day of adoption of the Exchange resolution terminating trading.

## Maturity or Early Redemption of Bonds

### Article 24

In the case referred to in Article 22(1)(3) of these Rules, termination of trading in bonds on the Progress Market will occur on the same or the next trading day from the receipt by the Exchange of a decision of the issuer or of the central depository or central register in whose services the financial instrument concerned is involved.

## Non-Compliance with Criteria for Admission and/or Post-Admission Requirements for Trading in Financial Instruments on the Progress Market

### Article 25

(1) In the case referred to in Article 22(1)(4) of these Rules, the Exchange will normally adopt a resolution terminating trading in financial instruments on the Progress Market on completing 2 (two) consecutive periodic reviews, unless circumstances of the case dictate otherwise.

(2) Without prejudice to paragraph 1 of this article, the Exchange may pass a resolution on termination of trading in financial instruments as a measure to protect market integrity in accordance with the provisions of the Exchange Rules.

(3) In the case referred to in paragraph 1 of this article, termination of trading in financial instruments will occur on expiry of 1 (one) month from the day the resolution terminating trading on the Progress Market is adopted, unless circumstances of the case dictate otherwise.

## Bankruptcy of the Issuer

### Article 26

(1) In the case referred to in Article 22(1)(5) of these Rules, termination of trading in financial instruments on the Progress Market will occur at the request of the trustee (bankruptcy administrator) for their withdrawal from trading on the Progress Market and under a final decision to institute bankruptcy proceedings against the issuer.

(2) In the case referred to in paragraph 1 of this article, termination of trading will occur on expiry of 1 (one) month from the day of adoption of the resolution terminating trading in financial instruments on the Progress Market.

(3) By way of derogation from paragraph 2 of this article, if no transaction in financial instruments is concluded for 3 (three) months prior to the receipt of the request for termination of trading, termination will occur on the following trading day after the adoption of the resolution terminating trading in financial instruments on the Progress Market.

## Liquidation Proceedings

### Article 27

(1) In the case referred to in Article 22(1)(z) of these Rules, termination of trading in financial instruments on the Progress Market will occur at the request for termination of trading submitted by the liquidator.

(2) In the event referred to in paragraph 1 of this article, termination of trading in financial instruments will occur on the following trading day after the adoption of the resolution terminating trading in financial instruments on the Progress Market, unless circumstances of the case dictate 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, termination of trading in financial instruments will occur on the same or on the following trading day after the receipt by the Exchange from the issuer of a decision entering in the court register of a status change or dissolution of the issuer, or of a decision of the central depository or central register.

## Financial instrument listing on the regulated market managed by the Exchange

### Article 29

In the case referred to in Article 22(1)(9) of these Rules, termination of trading in the financial instrument on the Progress Market will occur in accordance with a resolution of the Exchange.

## Non-Performance of Obligations to the Compulsory Adviser

### Article 30

In the case referred to in Article 22(1)(10) of these Rules, termination of trading in the financial instrument on the Progress Market will occur under a resolution to be adopted by the Exchange within 30 (thirty) days from the receipt of notification from the compulsory adviser to the effect that the issuer does not perform its obligations.

## Negative Impact on Investor Interests

### Article 31

In the case referred to in Article 22(1)(11) of these Rules, particularly in the event that:

1. the issuer fails to commence a business within the scope or on the date indicated in the admission document or its conduct deviates to a large extent from the information stated in the admission document;
2. the issuer winds up its principal activities;
3. the scope of activities of the issuer changes;
4. financial or business position of the issuer deteriorates considerably;

termination of trading in financial instruments on the Progress Market occurs under a resolution of the Exchange.

## Exclusion of Liability of the Exchange

### Article 32

The Exchange accepts no liability for direct or indirect damage and/or loss of profit resulting from a resolution terminating trading in financial instruments on the Progress Market.

## TRADING

### Application of the Exchange Rules

#### Article 33

(1) The provisions of Title 5 of the Exchange Rules and acts of the Exchange concerning trading shall apply to the trading on the Progress Market, with the term “regulated market” to be replaced by “Progress Market”.

(2) Any transactions concluded in financial instruments admitted to trading on the Progress Market shall be subject to fees payable by Exchange members to the Exchange, in accordance with the Price List.

## CLEARING AND SETTLEMENT

### Method of Transaction Clearing and Settlement

#### Article 34

(1) Clearing and/or settlement of individual and/or all transactions in financial instruments concluded on the Progress Market shall be done according to the rules and instructions of the clearing and/or settlement system selected by the Exchange, in accordance with the provisions of the CMA and other regulations.

(2) The choice of the clearing and/or settlement system for individual and/or all transactions concluded on the Progress Market shall be notified by the Exchange to member firms and the public on its website immediately on receiving approval of the Agency.

(1) The provisions of Title 6 of the Exchange Rules and other acts of the Exchange concerning clearing and settlement shall apply to trading on the Progress Market, with the term “regulated market” to be replaced by “Progress Market”.

## SURVEILLANCE

### Surveillance and Appropriate Application of the Exchange Rules

#### Article 35

(1) In order to preserve the integrity of the capital market and investor confidence, within the scope of its competence laid down in the CMA, Regulation (EU) No 596/2014, other regulations and these Rules, the Exchange shall conduct the surveillance of trading on the Progress Market, as well as supervision of member firms, issuers and advisers.

(2) The provisions of Title 8 of the Exchange Rules and other acts of the Exchange concerning trade surveillance and supervision of member firms and issuers shall apply *mutatis mutandis* to Progress Market surveillance, with the term “regulated market” to be replaced by “Progress Market”.

## PERSONAL DATA PROTECTION

### Article 36

The Exchange pays special attention to the protection of privacy and the protection of data subjects' personal data. Information on the processing and protection of data subjects' personal data are provided in the Zagreb Stock Exchange, Inc. Privacy Policy available on the Exchange website, while the specifics of particular processing of personal data by the Exchange are defined in individual agreements and in the general terms of Exchange service provision.

## INFRINGEMENT OF THE RULES

### Infringement of the Rules and Particularly Serious Infringements of the Rules

#### Article 37

(1) Any action or omission of the member firm, issuer or adviser which is contrary to the provisions of these Rules, the Exchange Rules, the Rulebook on the grant of status of Progress Market adviser, the Rulebook on the form and content of the admission document for trading in financial instruments on the Progress Market or other acts of the Exchange regulating the Progress Market, or of the agreements entered into between the Exchange and issuers or between the Exchange and advisers are deemed to constitute an infringement of these Rules.

(2) Any infringements of the Rules referred to in paragraph 1 of this article are deemed to constitute particularly serious infringements of these Rules in the event that:

1. such infringement distorts or compromises fair, orderly and efficient trading in the financial instrument concerned;
2. such infringement distorts or compromises investor interests;
3. such infringement recurs continually, and especially if such infringement recurs more than twice over a period of 6 (six) months;
4. such infringement includes committing of a criminal offence, determined by a final judgment of the competent court;
5. these Rules or other acts of the Exchange or agreements between the Exchange and issuers or advisers provide expressly for an individual infringement of certain provisions of these Rules or other acts of the Exchange is to be deemed a particularly serious infringement of these Rules or other acts of the Exchange.

(3) The Exchange is exclusively authorised to determine whether a particular action or omission of the member firm, issuer or adviser is to be deemed an infringement or a particularly serious infringement of these Rules.

(4) In the event of infringement of these Rules referred to in paragraph 1 or particularly serious infringement referred to in paragraph 2 of this article, the Exchange is exclusively authorised to take any action and impose any measures provided for in the Exchange Rules or other acts of the Exchange or in the agreements entered into between the Exchange and the issuer or adviser.

(5) The provisions of the Exchange Rules on measures to protect market integrity which the Exchange may impose on the member firm shall apply *mutatis mutandis* to advisers, with the term "member firm" to be replaced by "adviser".

**DISPUTES**

## Dispute Resolution

## Article 38

- (1) The Exchange, the member firm and the issuer shall attempt to resolve any disputes which may arise from or in connection with these Rules, as well as legal effects resulting from them, amicably in the spirit of best business practices.
- (2) In the event of failure to reach an agreement, the competent court in Zagreb shall have jurisdiction over dispute resolution.

**TRANSITIONAL AND FINAL PROVISIONS**

## Amendments to the Rules

## Article 39

- (1) Any amendments to these Rules shall be adopted by the Exchange Management Board.
- (2) The acts referred to in paragraph 1 of this article shall be published by the Exchange on the Progress Market website not less than 7 (seven) days prior to the commencement of their application.

## Interpretation of Individual Provisions of the Rules

## Article 40

- (1) Authoritative interpretation of any provisions of these Rules shall be provided by the Exchange.
- (2) A submission for authoritative interpretation of the provisions of these Rules shall be made to the Exchange in writing, indicating the provision concerned and giving the reasons for interpretation.
- (3) The Exchange is authorised to request additional clarifications from the applicant.
- (4) The Exchange shall issue the interpretation in writing within 30 (thirty) days of the day of submission referred to in paragraph 2 of this article.
- (5) The authoritative interpretation shall have legal effect from the date of the entry into force of the provision of the Rules in respect of which it is provided.

## Derogation from the Application of these Rules

## Article 41

The Exchange may derogate from the application of any provision of these Rules, if necessary in a particular case, to prevent damage from occurring or to protect investor or Exchange interests or to prevent unlawful conduct or for the purpose of harmonisation with the law. Any action taken under this article shall be notified by the Exchange to the Agency.

Entry Into Force

Article 42

(1) These Rules shall enter into force on 16<sup>th</sup> July 2019.

(2) Rulebooks and other acts necessary for the implementation of these Rules shall be adopted by the Exchange not later than 30 (thirty) days of the entry into force of the Rules.