



# **PROGRESS MARKET**

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

### **CONSOLIDATED UNOFFICIAL TEXT<sup>2</sup>**

Zagreb, June 2018

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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.

<sup>2</sup> The Zagreb Stock Exchange, Inc has prepared a consolidated unofficial text of the Progress Market Rules. This document was created for the sole purpose of supporting material in the daily work of obliged person applying the same Progress Market Rules and does not represent an official document and therefore cannot be a reference to the provisions of the consolidated unofficial text of the Progress Market Rules. Unofficial consolidated text includes Progress Market Rules approved 24 October 2017 (entered into force 2 November 2017), amendments thereto approved on 06 March 2018 (entered into force 14 March 2018) and amendments dated 3 May 2018

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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, 123/16 and 131/17), at its 205st meeting held on 03 May 2018, 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 securities which may be traded on the Progress Market and include the provisions on:
    - a) objective and transparent criteria for admission of securities to trading on the Progress Market;
    - b) ensuring a public availability of information on securities traded on the Progress Market and their issuers; and
    - c) termination of trading of securities on the Progress Market;
  3. determine an operating model appropriate for performance of functions of the Exchange ensuring fair and orderly trading, including provisions on clearing and/or settlement systems which member firms may use to clear and/or settle any transactions concluded on the Progress Market;
  4. regulate the supervision of trade 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 rules and 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 content of certain provisions expressly requires 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 the Zagreb Stock Exchange, Inc.;
  4. **member firm** - a person which has entered into a membership agreement with the Exchange, user of a multilateral trading platform within the meaning of Article 124 CMA;
  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** – website of the Progress Market (<http://progress.market/hr>);
  7. **issuer** – a legal entity, including the State, which issues or intends to issue securities;
  8. **market protection measures** – measures which the Exchange is authorised to undertake in accordance with the Exchange Rules towards any member firm, authorised advisor or issuer in order to ensure the protection of fair, orderly and efficient trading and protection of investors;
  9. **Exchange Rules** – the rules of the regulated market operated by the Zagreb Stock Exchange, Inc.;
  10. **Rules** - these Progress Market Rules;
  11. **admission to trading** - a procedure enabling the trading of securities on the Progress Market;
  12. **admission document** - a document produced in order to facilitate the admission of securities to trading on the Progress Market in accordance with provisions of Progress Market Rules;
  13. **Progress Market** – multilateral trading platform as defined in the Article 2(1)(14) of the Regulation (EU) No 600/2014, with the main purpose of trading securities of issuers which are considered small and medium-sized enterprises according to the criteria set forth in the Article 77 of the Delegated Regulation (EU) No 2017/565;
  14. **Register of authorised advisors** – register managed by the Exchange containing a list of persons who have acquired the status of authorised advisor;

15. **regulatory information** - information referred to in the Article 78(2)(h) of the Delegated Regulation (EU) No 2017/565, i.e. (i) admission document or prospectus which refers to the securities admitted to trading on the Progress Market; (ii) annual and semi-annual financial reports of the issuer; and (iii) information referred to in the Article 7(1) of the Regulation (EU) No 596/2014 which are publically disclosed by issuers whose securities are admitted to trading on the Progress Market;
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 dematerialised securities defined with the Article 488 of the CMA and the Regulation (EU) No 909/2014;
18. **transaction** – a legal operation of sale and purchase of securities which results from matching of appropriate sale and purchase orders via the Exchange Trading System, in accordance with the provisions of the Exchange Rules;
19. **trading** – procedure of placing sale and purchase orders and concluding transactions with securities via the Exchange trading system;
20. **trading day** – a day the trading system is opened to member firms for concluding transactions;
21. **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 firm or other users and the Exchange trading system;
22. **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;
23. **Regulation (EU) No 600/2014** - Regulation (EU) No 600/2014 of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012;
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 as defined under the Article 2(1)(13) of the Regulation (EU) No 600/2014 and managed by the Zagreb Stock Exchange, Inc.;
26. **securities** – securities as defined in the Article 7 of these Rules;

27. **application for admission to trading** – application for admission of securities to trading on the Progress Market;
  28. **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);
  29. **CMA** – the Capital Market Act (Official Gazette of the Republic of Croatia No. 88/08, 146/08, 74/09, 54/13, 159/13,18/15, 110/15, 123/16 and 131/17).
- (2) For the purpose of the Rules, any terms used in singular form shall be taken to refer in a same manner to plural and *vice versa*, unless the context requires otherwise.
  - (3) Any references to a particular act or regulation shall be deemed a reference to any future amendment to such act or regulation.

### **Rulebooks and Other Regulation**

#### Article 3

- (1) Rulebooks and other regulation ( decisions, norms, etc.) for implementation of the 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 regulation adopted by the Exchange, the provisions of the Rules shall prevail.

### **Notices for Investors**

#### Article 4

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

1. The Progress Market is an alternative market managed by the Exchange as an SME Growth Market.

2. The main characteristic of the Progress Market is a lower transparency requirement for issuers compared to the regulated market and, consequently, a higher associated risk of investing in securities traded on the Progress Market.
3. In a manner envisaged under these Rules, the Exchange ensures public availability of regulatory, including issuers' financial reports and information on securities which are traded on the Progress Market, in order to ensure fair and orderly trading and pricing.
4. The obligation of public disclosure of information, as envisaged by the Rules, shall be performed by the issuer who filed an application for admission to trading based on which the security is admitted to trading on the Progress Market or, if applicable, by another person or on its behalf.
5. The provisions of the CMA, Regulation (EU) No. 596/2014, other relevant regulation and bylaws adopted on the basis of such regulation which regulate the prevention and detection of market abuse shall 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 member firms who meet all organisational, staffing, technical and other requirements for membership set forth in the Exchange Rules.
- (2) A member firm 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 member firms, termination of membership and market protection measures, shall apply *mutatis mutandis* to the member firms 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 member firms who participate in trading on the Progress Market, the provisions of the Exchange Rules



governing the legal relationship between member firms and the Exchange shall apply *mutatis mutandis*.

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

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

##### Article 6

- (1) An authorised advisor is a company authorized by the Exchange on the basis of a special decision approving its status of authorised advisor in accordance with the Rulebook on Acquiring the Status of Authorised Advisor for the Progress Market and is registered with the Register of authorised advisors.
- (2) Every issuer filing an application for admission of securities to trading on the Progress Market is obliged to have appointed an authorised advisor at the time of filing the application and at least two years after the admission of its securities 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, the authorised advisor is also required to meet the following obligations: (i) prior to filing the application for admission of securities to trading on the Progress Market, authorised advisor is obliged to determine whether all the requirements for admission of securities to the Progress Market are met; and (ii) during the period of at least two years as of admission of securities to the Progress Market, authorised advisor is obliged to control whether the issuer of securities meets its obligations in accordance with these Rules, other relevant regulations of the Exchange and existing 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 the company applying for the status of authorised advisor;
  2. procedure for acquiring and termination of the status of authorised advisor, registration and deregistration of authorised advisor with the Register of authorised advisors;
  3. rights and obligations of authorised advisor;
  4. rules of cooperation between authorised advisor and the Exchange;

5. other issues relevant for regulating the role of authorised advisor and functioning of the Progress Market.

#### **4 SECURITIES TO BE TRADED ON THE PROGRESS MARKET**

##### **4.1 SECURITIES TO BE TRADED ON THE PROGRESS MARKET**

###### **Types of Securities**

###### Article 7

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

##### **4.2 ADMISSION OF SECURITIES TO TRADING ON THE PROGRESS MARKET**

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

###### Article 8

The provisions of these Rules shall be applicable either as of the day of admission of securities to trading on the Progress Market or as of the day on which the issuer has submitted an application for admission to trading, and until the day of termination of trading of securities on the Progress Market.

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

###### Article 9

- (1) The admission of securities to trading on the Progress Market is decided by the Exchange.
- (2) An application for admission to trading may be submitted by the issuer. The application for admission to trading shall be submitted in writing and on application form of the content specified 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 of securities to trading on Progress Market, the issuer is required to enclose the admission document in accordance with the Article 13 of these Rules and other documentation as envisaged by these Rules and the Rulebook on Form and Content of the Admission Document for Trading on 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 securities to trading on the Progress Market must be either in Croatian or English language. Documents which are made in another language must be submitted with a certified translation into Croatian or English language thereto.

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

##### Article 10

The 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 necessary documentation and information as stipulated or as requested by the Exchange.

#### **Decision on Admission of Securities to Trading on the Progress Market**

##### Article 11

- (1) The Exchange will render a decision on admission of securities to trading on the Progress Market within 30 (thirty) days as of the day of receipt of a duly submitted application.

- (2) In the event the Exchange has requested issuer to submit additional documentation or information in accordance with the Article 9(5) of these Rules, the deadline for rendering a decision on admission of securities to trading on the Progress Market referred to in paragraph 1 of this Article will start as of the first day following the day of expiration of a deadline for submitting such additional documentation or information.
- (3) The Exchange shall publish a decision on admission of securities to trading on the Progress Market on the Progress Market website.
- (4) A decision allowing the admission of securities to trading on the Progress Market will also include the determination of the first trading day of the respective securities on the Progress Market. The Exchange and the issuer whose securities are admitted to trading on the Progress Market shall enter into an agreement on admission of securities to trading on the Progress Market regulating relations between the issuer and the Exchange.
- (5) The Exchange will decline the admission of securities to trading on the Progress Market if the requirements set forth in these Rules, other regulation of the Exchange or applicable laws are not met, and especially if:
  1. the admission document does not comply with 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 regulation of the Exchange regulating the Progress Market, are not met.
- (6) The Exchange may decline the admission of securities to trading regardless of the fact that securities meet the requirements for admission to trading on the Progress Market as envisaged in these Rules, and especially if:
  1. the Exchange has estimated that the securities cannot be traded in a fair, orderly and efficient manner;
  2. the Exchange has estimated that admission of the securities to trading would jeopardise interests of investors.

- (7) The Exchange may accept the admission of securities to trading regardless of the fact that the securities do not meet all the requirements for admission to trading on the Progress Market as envisaged in these Rules or other regulation of the Exchange if the Exchange has estimated that the admission of such securities is not inconsistent with the reasons underlying the stipulated requirements and if it considers that the trading of such securities may be performed fairly, orderly and efficiently as well as that the admission of such securities to trading would not jeopardise interests of investors.
- (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 securities to trading on the Progress Market has been denied, the application may be filled again only after the expiry of the 12 (twelve) months period as of the day of delivery of the decision denying the application for admission of a security to trading on the Progress Market.

#### **List of Securities Admitted to Trading on the Progress Market**

##### Article 12

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

#### 4.3 ADMISSION DOCUMENT

##### **Obligation to Produce the Admission Document**

##### Article 13

- (1) When submitting an application for admission of securities to trading on the Progress Market, the issuer must produce an admission document (either as a basic admission document or as a summary of the 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 securities 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 the producing and disclosing the admission document.
- (3) Upon the admission of securities to trading on the Progress Market, the admission document referred to in paragraph 1 of this Article and the decision on admission of securities 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 securities on the Progress Market. The same applies to prospectus or other document enclosed with the summary of the admission document in accordance with provisions of the Rulebook on Form and Content of the Admission Document for Trading on the Progress Market.

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

##### **Requirements for Securities**

##### Article 14

- (1) Securities referred to in an application for admission to trading on the Progress Market must meet the following criteria:
  1. securities must be issued in accordance with the regulations applicable to them and must be free float;
  2. the legal status of the issuer of securities must be compliant with legislation of the Republic of Croatia or of the state of the issuer's registered seat;
  3. securities 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 publically distributed (whereby public distributions of shares is determined by the proper application of the Exchange Rules);
  5. if the application for admission to trading refers to shares, Articles of Association of the issuer must contain provisions referred to in paragraph 2 of this Article;
  6. the 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 are true and fair, nothing was omitted from the admission document which could affect its significance and the valuation of the securities 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 respective securities, that the authorised advisor has examined and determined the completeness, consistency and comprehensiveness of the admission document, as well as the statement whether the admission document has been approved by any other regulatory authority and, if yes, which authority;
- 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 the Rulebook on Form and Content of the Admission Document for Trading on the Progress Market, that, according to its best knowledge and on the basis of documentation and information obtained from the issuer, the information contained in the admission document are true and fair, that the admission document contains a reliable description of risk factors associated with trading of respective securities, that the issuer meets the requirements for admission of its securities to trading on the Progress Market and that it has examined and determined the completeness, consistency and comprehensiveness of the admission;

7. an efficient settlement of transactions must be ensured for securities.

- (2) Articles of Association of the issuer must contain provisions that a resolution on withdrawal of shares from trading on the Progress market is passed by the general assembly with a majority of votes which represent at least three quarters of the share capital represented at the general assembly when such resolution is passed. The Articles of Association may require a greater majority of votes in order for such resolution to be made.
- (3) In the case referred to in paragraph 1(7) of this Article, an efficient settlement of transactions of securities will be deemed to have been provided if the securities have been issued in non-materialised form and have been registered with the central depository and are included in the clearing and/or settlement system.

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

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

### **5.1 GENERAL PROVISIONS**

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

##### Article 15

- (1) Following the admission of securities to trading on the Progress Market, the issuer of securities 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 are 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 in the time frame specified by such regulations.
- (3) Any information which are 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 the time frame specified by these Rules and other regulation 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 securities admitted to trading on the Progress Market as well as all the information referred to in the 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 the issuer in accordance to Articles 15, 18, 19 and 20 of these Rules and will provide a direct link to the website of the respective issuer where such information is published, if the issuer has such website and has informed the Exchange thereof. The above information or direct link will be available on the Progress Market website for the period of at least 5 (five) years as of the date of each publication. 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 the security which occur following the admission to trading – without delay;
  2. notice of the AGM, including an invitation to the AGM with the agenda and proposed resolutions to be adopted there – in the time frame laid down by the CA or regulations which govern the establishment and operation of companies;
  3. any decision and information on decisions adopted by the AGM –without delay;
  4. audited annual financial reports – not later than on April 30 every year;
  5. unaudited half annual financial reports - not later than on August 31 every year;
  6. information on capital increase or reduction – immediately after a change is registered with the court registry;

7. information on status changes of the issuer – immediately after a change is registered with the court registry; and
8. information defined in Article 7(1) of the Regulation (EU) No 596/2014 and other information in accordance with the Regulation (EU) No 596/2014 - as soon as possible.

### **Information by the Issuer of Bonds**

#### Article 19

The issuer of bonds admitted to trading on the Progress Market shall publicly disclose:

1. information on any changes in relation to the rights incorporated in the security which occur following the admission to trading – without delay;
2. notice of the assembly of holders of bonds, including an invitation to the assembly of bond holders with the agenda and proposed resolutions to be adopted thereto – not later than 5 (five) trading days prior to the day of the assembly of bond holders;
3. audited annual financial reports annual accounts – by not later than 30 April each year;
4. unaudited half annual financial reports - – by not later than 31 August each year;
5. information on capital increase or reduction – immediately after a change is registered with the court register; and
6. information defined in Article 7(1) of the Regulation (EU) No 596/2014 and other information in accordance with the Regulation (EU) No 596/2014 - as soon as possible.

### **Control Report**

#### Article 20

- (1) Beside the information referred to in Articles 18 and 19 of these Rules, the issuer of securities admitted to trading on the Progress Market shall publicly disclose duly completed and signed control reports.
- (2) The Exchange publishes the control report Form on the Progress Market website.
- (3) The control reports are published for each calendar quarter within 30 (thirty) days as of the expiry of each quarter. Control reports shall be signed by the issuer of the securities admitted to trading on the Progress Market. During the first 2 (two) years following the day of the admission of securities to trading on the Progress Market, control reports shall be co-signed by the

authorised advisor. However, the authorised advisor is not responsible for the truthfulness, accuracy and completeness of the information contained in control reports.

- (5) If it shall be determined than an issuer has failed to publish control reports in accordance with this Article, the Exchange shall require the issuer to publish such information without delay and to present reasons for its failure to publish it earlier. If the issuer has appointed an authorised advisor, the Exchange may demand a report of the authorised advisor on the measures the authorised advisor has undertaken to ensure that the issuer publishes control report timely and reasons why it has not been published.

### **Exchange Fee and Other Obligations**

#### Article 21

- (1) Issuers of securities 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 securities have 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 all obligations arising from the contracts 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 SECURITIES ON THE PROGRESS MARKET

### Reasons for Termination of Trading

#### Article 22

- (1) Trading of securities 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 bonds;
  4. where the securities and/or issuer no longer meets the criteria for admission to trading on the Progress Market and/or in the event of non-compliance of the issuer with the post-admission requirements set forth in these Rules;
  5. in the event of the 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 securities;
  9. in the event of listing of securities on the regulated market managed 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 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 interest of investors.
- (2) The last trading day of securities on the Progress Market will be determined by a decision of the Exchange.
- (3) The decision on termination of trading of securities 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, the Exchange shall render a decision on termination of trading of securities within 30 (thirty) days as of the day of receipt of issuers due and complete request. If the request relates to shares, the request must be accompanied by the decision of the General Assembly of the issuer to withdraw the shares from trading on the Progress Market. Trading securities on the Progress Market shall terminate as with expiry of 2 (two) months as of the day the decision on termination has been rendered by the Exchange.

## **Maturity or Premature Redemption of Bonds**

### Article 24

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

## **Non-Compliance with Admission Requirements and/or Non-Compliance with Post-Admission Requirements for Trading Securities on the Progress Market**

### Article 25

- (1) In the event referred to in Article 22(1)(4) of these Rules, the Exchange will, in principal, render a decision on terminating the trading of securities 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 terminating the trading of securities as a market protection measure in accordance with provisions of the Exchange Rules.
- (3) In the case referred to in paragraph 1 of this Article, trading of securities will terminate as of the day of on expiry of 1 (one) month as of the day a decision on terminating its trading on the Progress Market is 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 securities on the Progress Market will terminate pursuant to the motion 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 interest of investors.
- (2) In the case referred to in paragraph 1 of this Article, trading of securities will terminate as of the day of expiry of 1 (one) month as of the day a decision terminating its trading on the Progress Market is rendered.
- (3) By way of derogation from paragraph 2 of this Article, if no transactions are concluded with the securities within the period of (three) months prior to the day of receipt of the motion for termination of trading of the securities, the trading will terminate on the following trading day as of the day the decision terminating its trading on the Progress Market trading is rendered.

## **Liquidation Proceedings**

### Article 27

- (1) In the case referred to in Article 22(1)(6) of these Rules, trading of securities on the Progress Market will terminate pursuant to the motion for termination of trading submitted by the liquidator, the issuer or if so decided by the Exchange in order to ensure the protection of interests of investors.
- (2) In the case referred to in paragraph 1 of this Article, the trading of the securities will terminate on the following trading day as of the day a decision terminating its trading on the Progress Market is rendered, unless the circumstances of a particular case require otherwise.

## **Dissolution of the Issuer or Cessation of the Securities**

### Article 28

In the case referred to in Article 22(1) items 7 and 8 of these Rules, the trading of securities on the Progress Market will terminate on the same or on the following trading day as of 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.

## **Listing of Securities on the Regulated Market Managed by the Exchange**

### Article 29

In the case referred to in Article 22(1)(9) of these Rules, the trading of securities on the Progress Market will terminate pursuant to the 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 securities on the Progress Market shall terminate pursuant to the decision of the Exchange rendered within 30 (thirty) days as of the day of receipt of the compulsory authorised advisor's notice of issuer's non-compliance with its obligations.

## **Negative Impact on Investors' 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 or its conduct significantly deviates from the information specified in the admission document;
2. the issuer ceases to perform its core activities;
3. the scope of the issuer's activity is changed;
4. the issuer's financial or business standing has significantly deteriorated;

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

## **Waiver of Liability of the Exchange**

### Article 32

The Exchange shall not be held liable for any direct or indirect damages and/or loss of profit occurred as a consequence of the decision on terminating the trading of securities on the Progress Market.

## **7 TRADING**

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

#### Article 33

- (1) The provisions of Title 5 of the Exchange Rules and other regulation of the Exchange related to trading, shall apply *mutatis mutandis* to the trading on the Progress Market, whereby the term "regulated market" shall accordingly be replaced by the term "Progress Market".
- (2) Member firms shall pay a fee to the Exchange according to the Price List for all concluded transactions with securities admitted to trading on the Progress Market.

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

### Article 34

- (1) Clearing and/or settlement of particular and/or all Progress Market transactions with securities 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 member firms and the public of the selected the system for the clearing and/or settlement of particular and/or all transactions concluded on the Progress Market via its website immediately upon obtaining the approval of the Agency.



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

## **9 SUPERVISION**

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

#### Article 35

- (1) In order to preserve the integrity of the capital market and investors' trust, within the scope of the authority granted 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 trade on the Progress Market, member firms, issuers and authorised advisors.
- (2) The provisions of Title 8 of the Exchange Rules and other regulation of the Exchange related to the supervision of trade, member firms and investors shall apply, *mutatis mutandis*, to supervision of the Progress Market, whereby the term "regulated market" shall adequately be construed as 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 member firm, 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 regulation of the Exchange regulating the Progress Market or contracts 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 the paragraph 1 of this Article shall be considered a severe breach of these Rules if:

1. such breach infringes or jeopardises the fair, orderly and effective trading of securities;
  2. such breach infringes or jeopardises the interest of investors;
  3. such breach is continuously repeated and especially if such breach is repeated more than two times in period of six months;
  4. such breach includes also a commission of a criminal offense which is determined by a final and binding verdict of the competent court;
  5. it represents a specific breach that shall be considered a severe breach of the Rules or other regulation of the Exchange on the basis of the explicit provision of these Rules or other regulation of the Exchange or agreements concluded between the Exchange and issuer or between the Exchange and authorised advisor.
- (3) The Exchange is exclusively authorised to determine whether a particular act or omission of a member firm, issuer or 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 authorized to take all measures and to impose any measure envisaged by the Exchange Rules or other regulation of the Exchange or agreements concluded between the Exchange and issuer or between the Exchange and authorised advisor.
- (5) Provision of the Exchange Rules on market protection measures which the Exchange is authorised to impose on member firms shall apply accordingly to authorised advisors, whereby the term "member" shall accordingly be construed as the term "authorised advisor".

## **11 DISPUTES**

### **Dispute Resolution**

#### Article 37

- (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 the legal effects resulting from them, amicably and in the spirit of best business practices.

- (2) In the event of failure to reach an agreement, dispute resolution shall be referred to the competent court in Zagreb.

## **11 TRANSITIONAL AND FINAL PROVISIONS**

### **Amendments to the Rules**

#### Article 38

- (1) Amendments to these Rules shall be adopted by the Exchange Management Board.
- (2) Regulation 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 they become applicable.

### **Interpretation of the Rules**

#### Article 39

- (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 30 (thirty) 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 effect as of the date of the entry into force of the provision of the Rules in respect to which it is provided.

## **Derogation to the Application of the Rules**

### Article 40

The Exchange may derogate from the application 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 purpose of harmonisation of law. The Exchange shall notify the Agency of any action taken in accordance with this Article.

## **Entry into Force**

### Article 41

- (1) These Rules shall enter into force on 11 May 2018.
  
- (2) Rulebooks and other regulation necessary for the implementation of these Rules shall be adopted by the Exchange within 30 (thirty) days as of the day of entry into force of these Rules.