



PROGRESS MARKET RULES¹

Zagreb, April 2021

¹ 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.

TABLE OF CONTENTS:

GENERAL PROVISIONS..... 3

ACCESS TO THE PROGRESS MARKET 7

PROGRESS MARKET ADVISERS 8

SECURITIES TRADED ON THE PROGRESS MARKET AND THE PROCEDURE FOR ADMISSION OF
SECURITIES TO TRADING 9

CRITERIA FOR ADMISSION OF SECURITIES TO TRADING ON THE PROGRESS MARKET..... 13

POST-ADMISSION REQUIREMENTS FOR TRADING IN SECURITIES ON THE PROGRESS MARKET 14

LIQUIDITY CONTRACTS 17

TERMINATION OF PROGRESS MARKET TRADING IN SECURITIES..... 18

TRADING..... 21

CLEARING AND SETTLEMENT 21

SURVEILLANCE..... 21

PERSONAL DATA PROTECTION 22

INFRINGEMENT OF THE RULES..... 22

DISPUTES 22

TRANSITIONAL AND FINAL PROVISIONS 23

Pursuant to the provision of Article 352(3) of the Capital Markets Act (Official Gazette No 65/18, 17/20), at its 286th meeting held on 13th April 2021, the Management Board of the Zagreb Stock Exchange Inc., Zagreb, adopted the following

**PROGRESS MARKET
RULES**

GENERAL PROVISIONS

General Provisions

Article 1

- (1) These Rules regulate the following:
1. access to the Progress Market;
 2. securities which may be traded on the Progress Market, including the provisions on:
 - a) the criteria for admission of securities to trading on the Progress Market;
 - b) the obligation to disclose information relating to the securities admitted to trading on the Progress Market and to the issuers;
 - c) the termination of trading in securities on the Progress Market;
 3. types and methods of trading, including the provisions on clearing and/or settlement systems, which may be used by member firms to settle any transactions concluded;
 4. surveillance of trading on the Progress Market, and the 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 purposes of these Rules, the following terms shall have the following meanings, unless evidently implied otherwise by the contents of a particular provision:
1. **Agency** – the Croatian Financial Services Supervisory Agency;
 2. **Exchange** – Zagreb Stock Exchange, Inc.;
 3. **Price List** – the valid Price List of the Exchange;
 4. **member firm** – a person which concludes an agreement with the Exchange for membership of the Exchange;
 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, including any subsequent amendments thereto;
 6. **information document** – information document prepared in connection with a public offering of securities in accordance with the Capital Market Act and bylaws adopted on the basis of the Capital Market Act, which the issuer is obliged to draw up in certain cases when according to applicable regulations the issuer is not obliged to publish a prospectus;
 7. **Progress Market website** – the website of the Progress Market (on the day of adoption of these Rules: <http://progress.market/hr>);
 8. **issuer** – a legal entity which issues or intends to issue securities;
 9. **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;
 10. **person discharging managerial responsibilities** – a person specified as a person discharging managerial responsibilities in accordance with the Market Abuse Regulation;
 11. **personal data** – data relating to an identified or identifiable natural person (“data subject”);
 12. **Exchange Rules** – the rules of the regulated market managed by Exchange;
 13. **Rules (or these Rules)** – these Progress Market Rules;
 14. **Rulebook on the Admission Document** – Rulebook on the Form and Contents of the Admission Document for Admission of Securities to Trading on the Progress Market adopted by the Exchange;
 15. **admission to trading** – a procedure which enables trading in securities on the Progress Market;
 16. **admission document** – a document prepared for the purpose of admitting securities to trading on the Progress Market in accordance with the provisions of Rulebook on the Admission Document;
 17. **liquidity provider** – an investment firm which is a member of the Exchange and has entered into a liquidity contract with an issuer whose securities are admitted to trading on the Progress Market;

18. **Progress Market** – a multilateral trading facility registered as an SME growth market under the provisions of the Capital Market Act, managed by the Exchange;
19. **prospectus** – a prospectus relating to a public offering of securities or listing for trading on a regulated market approved in accordance with the Prospectus Regulation, delegated and implementing acts adopted pursuant to the Prospectus Regulation and other applicable regulations;
20. **Register of advisers** – a register kept by the Exchange of the persons authorised to provide advisory services in accordance with these Rules and the Rulebook on the Grant of Status of Progress Market Adviser;
21. **regulatory information** – the following information: (i) an admission document, or a short-form admission document and the information document to which it refers, or a prospectus relating to securities admitted to trading on the Progress Market, (ii) annual and semi-annual financial statements of the issuer; and (iii) inside information as defined by the Market Abuse Regulation;
22. **RTS for liquidity contracts** – delegated and implementing acts adopted on the basis of the Market Abuse Regulation with regard to liquidity contracts, including any subsequent amendments thereto;
23. **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;
24. **central depository** – central securities depository as the term is defined by the provisions of the Capital Market Act;
25. **trading** – a procedure of entering buy and sell orders and concluding transactions in securities via the Exchange trading system;
26. **trading day** – a day on which the trading system is open to member firms to conclude transactions;
27. **Regulation (EU) 2019/2115** – Regulation (EU) 2019/2115 of the European Parliament and of the Council of 27 November 2019 amending Directive 2014/65/EU and Regulations (EU) No 596/2014 and (EU) 2017/1129 as regards the promotion of the use of SME growth markets;
28. **Market Abuse Regulation** – Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, including any subsequent amendments thereto (particularly as amended by the Regulation (EU) 2019/2115);
29. **Prospectus Regulation** – Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, including any subsequent amendments thereto (in particular amendments pursuant to Regulation (EU) 2019/2115);
30. **regulated market** – regulated market as defined by the provisions of the Capital Market Act;
31. **person closely associated** – a person who is considered a closely associated person under the Market Abuse Regulation;
32. **securities** – securities and depositary receipts asset out in Article 7 of these Rules;

33. **admission application** – an application to have securities admitted to trading on the Progress Market;
 34. **Companies Act** – 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), including any subsequent amendments thereto;
 35. **Capital Market Act** – the Capital Market Act (NN Nos 65/18, 65/18 and 17/20), including any subsequent amendments thereto.
- (2) For the purposes of these Rules, any term used in singular shall be taken to refer also to plural and vice versa, unless the context requires otherwise. All terms used in these Rules, which have a gender meaning, are used neutrally and refer equally to the masculine, feminine and neuter genders.
 - (3) Any reference in these Rules to any act or other regulation includes any amendment to that act or other regulation as well as any act or other regulation replacing such act or other 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

When investing in securities 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 securities 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 securities traded on the Progress Market is publicly available to ensure fair and orderly trading and pricing as well information balance among all Progress Market participants.
4. The obligation to disclose to the public any information laid down in these Rules is binding on the issuer based on whose application securities have been admitted to trading on the Progress Market or another person on behalf of the issuer, if applicable.
5. Trading on the Progress Market shall be subject to the Capital Market Act, the Market Abuse Regulation and other relevant regulations and by-laws, delegated or implementing acts adopted on the basis of those regulations relating to the prevention and detection of market abuse.

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 that 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 relating to the activities of Exchange members trading on the Progress Market which have not been regulated by these Rules 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 that has been granted adviser status by the Exchange, in accordance with the Rulebook on the Grant of Status of Progress Market Adviser and entered in the Register of advisers.
- (2) Each issuer submitting an admission application shall have an adviser appointed for not less than 2 (two) years from the date of admission of its securities 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 admission application, the adviser shall verify whether the issuer has collected all requisite documents for admission of securities to trading on the Progress Market; and (ii) over a period of not less than 2 (two) years after the securities have been admitted to trading on the Progress Market, the adviser shall make sure that the issuer of the securities complies with its obligations under these Rules, other relevant acts of the Exchange and applicable regulations.
- (4) The Exchange shall regulate the following by the Rulebook on the Grant of Status of Progress Market Adviser:
 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 of advisers in the Register of advisers and deletion from the Register of advisers;
 3. the rights and obligations of advisers;
 4. the rules of cooperation with the Exchange;
 5. other issues relevant for regulating the role of adviser and functioning of the Progress Market.

SECURITIES TRADED ON THE PROGRESS MARKET AND THE PROCEDURE FOR ADMISSION OF SECURITIES TO TRADING

Types of securities

Article 7

- (1) The following securities 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 shares and bonds shall also apply to corresponding depositary receipts, except where expressly provided for otherwise in respect of depositary receipts.

Application of the Rules

Article 8

The provisions of these Rules shall apply from the day on which the issuer or other authorised person submits an admission application until the day of termination of trading in securities on the Progress Market.

Admission Application

Article 9

- (1) The admission of securities in trading on the Progress Market shall be decided on by the Exchange.
- (2) An admission application may be submitted by the issuer or a person authorised by the issuer. The admission application shall be submitted in writing on a form of the contents to be specified by the Exchange.
- (3) The admission application form shall be published by the Exchange on the Progress Market website.
- (4) The issuer shall enclose with its admission application:
 1. one of the following documents:
 - (a) an admission document drawn up in accordance with Rulebook on the Admission Document and documents referred to in Paragraph 5 of this Article; or
 - (b) a short-form admission document drawn up in accordance with the Rulebook on the Admission Document and the documents referred to in paragraph 5 and paragraph 6 of this Article; or
 - (c) in the case referred to in Paragraph 7 of this Article, the prospectus and documents referred to in Paragraph 8 of this Article;
 2. articles of association of the issuer;
 3. a certified excerpt from the court register or other register for the issuer, which must not be older than thirty days on the day of submitting the admission application;
 4. an advisory agreement between the issuer and the adviser;

5. evidence that the securities to which the admission application relates meet the conditions referred to in Article 14 of these Rules;
 6. data on the issuer's and the adviser's persons, together with their contact details, which the Exchange may contact in connection with the fulfilment of the issuer's obligations in accordance with these Rules;
 7. if the admission application relates to convertible bonds, a resolution of the general assembly or another body on issuance of convertible bonds;
 8. other documents provided for in these Rules.
- (6) If the admission application relates to securities offered by the issuer to the public prior to the submission of the admission application, which public offering of securities was exempted from the obligation to publish a prospectus, or if the issuer has used an exemption from the obligation to publish a prospectus in accordance with the Prospectus Regulation and other applicable regulations, the issuer is obliged to enclose to its admission application a notice on public offering exempted from the obligation to publish a prospectus or on the use of an exemption from the obligation to publish a prospectus in accordance with the Prospectus Regulation and other applicable regulations, together with evidence that such notice has been submitted to the Agency in accordance with the Capital Market Act, or that it has been submitted to another competent authority in accordance with the regulations applicable to the issuer or to the public offering of the securities to which the admission application relates.
- (6) If the issuer has compiled a short-form admission document in accordance with the Rulebook on the Admission Document, the issuer must, together with the admission application, enclose an information document which the short-form admission document refers to, together with all its supplements and evidence that the information document and its supplements were published in accordance with Capital Market Act and other applicable regulations.
- (7) If an approval of a prospectus was granted to the issuer in connection with the public offering of securities to which the admission application relates or in connection with the listing of those securities on a regulated market, the issuer shall, instead of the admission document, enclose such prospectus with its admission application, including any supplements thereto approved in accordance with the Prospectus Regulation or other applicable regulations. The prospectus must be valid on the first day of trading in the securities to which that prospectus relates in the Progress Market. The validity of the prospectus is determined in accordance with the Prospectus Regulation. With regard to the language of the prospectus, the provisions of the Capital Market Act apply. The prospectus and any supplements thereto must be published in accordance with the Prospectus Regulation, delegated and implementing acts and other applicable regulations.
- (8) The issuer shall enclose to the prospectus referred to in Paragraph 7: (i) the decision of the competent authority on the approval or confirmation of the approval of the prospectus and any supplements to the prospectus in accordance with the Prospectus Regulation; (ii) evidence of publication of the prospectus and any supplements to the prospectus; and (iii) if the admission application is submitted more than nine months after the end of the financial year to which the last annual financial statements of the issuer included in the prospectus are related, and the prospectus does not include semi-annual financial statements of the issuer for the current year, the issuer shall also deliver its semi-annual financial statements for the current year prepared in accordance with the accounting standards according to which the last annual financial statements of the issuer were prepared which are included in the prospectus.
- (9) At the request of the Exchange, the issuer shall also enclose other documents or provide additional information that is not envisaged by these Rules, as the Exchange deems appropriate to protect investors.

- (10) The applicant shall submit any documents and data referred to in paragraph 9 of this Article in the form, time and manner specified by the Exchange.
- (11) Any documents enclosed to the admission application shall be prepared in Croatian or English. Documents prepared in another language shall be accompanied by a certified translation into Croatian or English.

Orderly Admission Application

Article 10

An admission application 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 and accompanied by a proof of payment of the application processing fee, in accordance with the Price List.

Resolution on the Admission Application

Article 11

- (1) The Exchange shall decide on an admission application within 30 (thirty) days from the day of receipt of an orderly admission application.
- (2) If the Exchange requests from the issuer to provide additional documents or information under Article 9(9) of these Rules, the time limit for adopting a resolution regarding the admission application referred to in Paragraph 1 of this Article begins to run from the day of supplementation of the application in accordance with Article 9 (10) of these Rules.
- (3) A resolution admitting securities to trading on the Progress Market shall be published by the Exchange on the Progress Market website.
- (4) The first day of trading in securities on the Progress Market shall also be specified by the Exchange in the resolution admitting those securities to trading on the Progress Market.
- (5) The Exchange shall refuse to admit securities 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. if the admission application is accompanied by an admission document or by a short-form admission document the contents of which are not compliant with the requirements of the Rulebook on the Admission Document; or
 2. if the admission application is accompanied by a prospectus which does not meet the requirements set in Article 9(7) of these Rules;
 3. where the admission application submitted or documents accompanying it or 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 Admission Document, 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 securities to trading also if the securities comply with the requirements for admission to trading on the Progress Market, particularly where:
 1. the Exchange assesses that the securities are incapable of being traded in a fair, orderly and efficient manner;

2. the Exchange assesses that the admission of the securities to trading would compromise investor interests.
- (7) The Exchange may admit the securities to trading even if the securities or the issuer does 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 securities is not contrary to the reasons for which such requirements have been laid down and if it believes that the securities are capable of being traded in a fair, orderly and efficient manner and that its admission to trading would not compromise investor interests.
- (8) Any resolutions referred to in paragraphs 5, 6 and 7 of this article must be properly 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 admission application is refused, a new admission application may be submitted only after expiry of 6 (six) months from the day of delivery of an Exchange decision refusing the initial admission application.

List of Securities Admitted to Trading on the Progress Market

Article 12

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

Publication of the admission document or prospectus

Article 13

- (1) Following the admission of securities to trading on the Progress Market, the document referred to in Article 9(4)(1) of these Rules, which was enclosed with the admission application, as well as the Exchange resolution on admission of securities to trading on the Progress Market shall be published on the Progress Market website and shall remain available over a period of not less than 5 (five) years from the date of their publication.
- (2) All supplements to the admission document or to the short-form admission document will also be published on the Progress Market website and will be available for a period of at least 5 (five) years from the date of their publication.

CRITERIA FOR ADMISSION OF SECURITIES TO TRADING ON THE PROGRESS MARKET

Criteria for Admission of securities to trading

Article 14

- (1) Securities in respect of which an admission application is submitted shall meet the following criteria:
 1. securities and their issuers shall meet the criteria laid down in the Capital Market Act, another applicable regulations, these Rules and other acts of the Exchange;
 2. securities must be issued in accordance with the regulations that apply to them and must be freely negotiable so that they may be traded in a fair, orderly and efficient manner;
 3. the issuer must be established in accordance with the regulations of the Republic of Croatia or country of the issuer's domicile;
 4. if the admission application concerns shares, at least the shares representing 10% of the issuer's share capital must be distributed to the public (whereby the distribution of shares to the public is determined by appropriate application of the Exchange Rules, except for the provisions of the Exchange Rules related to requirements for distribution of shares to the public that must be met as a condition for listing of shares on the Official Market or on the Prime Market);
 5. if the admission application concerns shares, articles of association of the issuer must contain provisions set out in Paragraph 2 of this Article;
 6. an efficient transaction settlement must be provided in respect of any securities for which an admission application has been submitted; that criterion will be deemed to be met if securities have been issued in a book-entry form and entered in the central depository and included in the clearing and/or settlement system.
- (2) If the admission application concerns shares, 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 General Meeting (GM) accounting for at least 3/4 (three-quarters) of the share capital represented at the GM deciding on the matter. The articles of association may also provide for a higher majority to be necessary for passing such resolution.

POST-ADMISSION REQUIREMENTS FOR TRADING IN SECURITIES ON THE PROGRESS MARKET

Obligation of Public Disclosure of Information

Article 15

- (1) Following the admission of securities to trading on the Progress Market, the issuer is required to disclose to the public information under the provisions of the Capital Market Act, Market Abuse Regulation, other applicable regulations and these Rules.
- (2) Any information which is subject to the mandatory public disclosure under the provisions of the Capital Market Act, Market Abuse Regulation and other applicable regulations shall be disclosed to the public within the scope of the contents 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 contents, time limits and in the manner specified in these Rules and other acts of the Exchange.
- (4) The issuer, any persons discharging managerial responsibilities and persons closely associated with them shall meet relevant requirements applicable to them pursuant to the Market Abuse Regulation.
- (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. The Exchange shall publish the information referred to in Paragraphs 2 and 3 of this Article without delay via the Progress Market website in accordance with Article 17 of these Rules.
- (6) Any information provided by the issuer to the Exchange under the provisions of these Rules and other acts of the Exchange shall be deemed, prior to its disclosure, to be confidential information and the Exchange may use it to perform the activities within the scope of its competence specified by the Capital Market Act, Market Abuse Regulation and other applicable regulations, as well as under these Rules and other acts of the Exchange.

Information Publication Language

Article 16

Information on the securities 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.

Information Publication Method

Article 17

- (1) Financial statements referred to in Articles 18 and 19 of these Rules, inside information disclosed by the issuer in accordance with the Market Abuse Regulation and other information delivered to by the issuer to the Exchange in accordance with Article 15(5) of these Rules shall be published by the Exchange on the Progress Market website.
- (2) Financial statements, inside information and other information referred to in Paragraph 1 of this Article will 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 shares which may arise following their admission to trading – without delay;
2. notice of the AGM, including an invitation to the AGM with the agenda and proposals of resolutions to be adopted there – within the time limits laid down in the Companies Act 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 (four) 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 such change in the court register;
8. inside information in accordance with the Market Abuse Regulation – as soon 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 bonds which may arise following their admission to trading – without delay;
2. notice of the meeting of bond holders, including an invitation to the meeting with the agenda and proposals of resolutions to 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 such change in the court register;
6. inside information in accordance with the Market Abuse Regulation – as soon as possible.

Payment of fees and fulfilment of other obligations

Article 20

- (1) Issuers upon whose application securities have been admitted to trading on the Progress market and advisers shall pay an Exchange fee specified in the Price List.
- (2) Issuers upon whose application securities are admitted to trading on the Progress market and their advisers are obliged to duly and timely fulfil all their obligations arising from the agreement on performing the activities of advisers, the agreement executed between the Exchange and issuers in connection with the admission of securities to trading on the Progress market, these Rules, the Rulebook on the Grant of Status of Progress Market Adviser and other acts of the Exchange.

LIQUIDITY CONTRACTS

Conditions for execution and approval of liquidity contracts

Article 21

- (1) Issuers of securities admitted to trading on the Progress Market may enter into a liquidity contract with a liquidity provider for the shares of such issuer if the conditions envisaged by the Market Abuse Regulation are met. The issuer may enter into a liquidity contract only with a member firm which fulfils the requirements for a market maker pursuant to the Exchange Rules and other acts of the Exchange. A liquidity contract must be drawn up in accordance with the Market Abuse Regulation and the RTS for liquidity contracts.
- (2) Before the execution of a liquidity contract the issuer must submit a draft of such contract to the Exchange. A liquidity contract may only be executed once the Exchange has given its consent to the terms and conditions of that contract.
- (3) The Exchange shall give its consent to the terms and conditions of a liquidity contract if the draft of that contract corresponds to the template envisaged by the RTS for liquidity contracts. By giving its consent to the terms and conditions of a liquidity contract the Exchange solely confirms that the delivered draft of the liquidity contract has the elements envisaged by the contract template contained in the RTS for the liquidity contracts. Such consent does not relate to commercial or other elements of the liquidity contract. By granting its consent to the terms and conditions of a liquidity contract the Exchange does not assume any liability towards any party for fulfilment of the obligations under such liquidity contract.
- (4) Immediately upon the execution of a liquidity contract for which the Exchange has granted its consent pursuant to Paragraph 3 of this Article, the issuer shall deliver a copy of the signed liquidity contract to the Exchange. The Exchange shall acknowledge in writing to the issuer that it has received a copy of the liquidity contract and agrees to that contract's terms and conditions.
- (5) The issuer who has executed a liquidity contract shall be able to demonstrate at any time that the conditions under which the liquidity contract was concluded are met on an ongoing basis. The Exchange is authorized to request from the issuer information and appropriate evidence on fulfilment of those conditions.

TERMINATION OF PROGRESS MARKET TRADING IN SECURITIES

Reasons for Termination of Trading

Article 22

- (1) Trading in securities on the Progress Market may terminate:
1. at the request of the issuer;
 2. under a decision of the Agency, court or other public authority;
 3. on maturity, early redemption or conversion of bonds;
 4. in the cases specified in the admission document or other documents related to admission to trading;
 5. where the securities and/or the issuer no longer meet the criteria for admission to trading on the Progress Market and/or for failure of the issuer to comply with post-admission requirements for trading on the Progress Market laid down in these Rules;
 5. where bankruptcy proceedings are initiated against the issuer;
 6. where liquidation proceedings are initiated against the issuer;
 7. by dissolution of the issuer;
 8. by cessation of the securities;
 9. where the securities are 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 the issuer's 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 securities on the Progress Market or on investor interests.
- (2) The last day of trading in securities on the Progress Market shall be determined by resolution of the Exchange.
- (3) A resolution terminating trading in securities on the Progress Market shall be provided 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 shall adopt a resolution terminating trading in securities 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 withdrawing shares from trading on the Progress Market contained in the minutes of the issuer's AGM. Termination of trading in securities on the Progress Market will occur on expiry of 2 (two) months from the day of adoption of the Exchange resolution terminating trading.

Maturity, Early Redemption or Conversion 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 in whose services securities concerned are involved.

Termination of trading in the cases specified in the admission document or other documents related to admission to trading

Article 25

In the case referred to in Article 22(1)(4) of these Rules, the Exchange shall adopt a resolution on the termination of trading on the basis of the information contained in the admission document, prospectus or other documents related to admission to trading.

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

Article 26

- (1) In the case referred to in Article 22(1)(5) of these Rules, the Exchange shall normally adopt a resolution terminating trading in securities 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 terminating trading in securities 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 securities 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 27

- (1) In the case referred to in Article 22(1)(6) of these Rules, termination of trading in securities 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 initiate 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 securities on the Progress Market.
- (3) By way of derogation from paragraph 2 of this article, if no transaction in securities 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 securities on the Progress Market.

Liquidation Proceedings

Article 28

- (1) In the case referred to in Article 22(1)(7) of these Rules, termination of trading in securities 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 securities will occur on the following trading day after the adoption of the resolution terminating trading in securities on the Progress Market, unless circumstances of the case dictate otherwise.

Dissolution of the Issuer or Cessation of the Securities

Article 28

In the case referred to in Article 22(1)(8) and (9) of these Rules, termination of trading in securities 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 a status change or dissolution of the issuer, or of a decision of the central depository.

Securities Listing on the Regulated Market Managed by the Exchange

Article 30

In the case referred to in Article 22(1)(10) of these Rules, termination of trading in securities on the Progress Market will occur in accordance with a resolution of the Exchange.

Non-Performance of Obligations to the Compulsory Adviser

Article 31

In the case referred to in Article 22(1)(11) of these Rules, termination of trading in securities 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 32

In the case referred to in Article 22(1)(12) of these Rules, particularly where:

1. the issuer fails to commence a business within the scope or on the date indicated in the admission document, short-form admission document and/or information document or, if applicable, prospectus or where its conduct deviates to a large extent from the information stated in those documents;
2. the issuer winds up its principal activities;
3. the scope of activities of the issuer changes in a manner affecting considerably its obligations to the Exchange;
4. the financial or business position of the issuer deteriorates considerably;

termination of trading in securities on the Progress Market will occur under a resolution of the Exchange.

Exclusion of Liability of the Exchange

Article 33

The Exchange waives any liability for direct or indirect damage and/or loss of profit resulting from a resolution terminating trading in securities on the Progress Market.

TRADING

Application of the Exchange Rules

Article 34

- (1) The provisions of the Exchange Rules and other acts of the Exchange relating to trading shall apply to Progress Market trading, where the term “regulated market” is to be replaced by “Progress Market”.
- (2) Any transactions concluded in securities 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 35

- (1) Clearing and/or settlement of individual and/or all transactions in securities concluded on the Progress Market shall be done according to the rules and instructions of the clearing or settlement system selected by the Exchange, in accordance with the provisions of the Capital Market Act 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 receipt of the Agency approval.
- (3) The provisions of the Exchange Rules and other acts of the Exchange relating to clearing and settlement shall apply to trading on the Progress Market, where the term “regulated market” is to be replaced by “Progress Market”.

SURVEILLANCE

Surveillance and Appropriate Application of the Exchange Rules

Article 36

- (1) In order to preserve the integrity of the capital market and investor confidence, within the scope of its competence laid down in the Capital Market Act, Market Abuse Regulation, Prospectus Regulation (where applicable), Delegated Regulation (EU) 2017/565, other applicable regulations, these Rules and other Exchange acts, the Exchange shall conduct surveillance of trading on the Progress Market, as well as supervision of member firms, issuers and advisers.
- (2) The provisions of the Exchange Rules and other acts of the Exchange relating to trade surveillance and supervision of member firms and issuers shall apply *mutatis mutandis* to

Progress Market surveillance, where the term “regulated market” is to be replaced by “Progress Market”.

PERSONAL DATA PROTECTION

Article 37

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 38

- (1) In the event of infringement of these Rules and/or other acts of the Exchange, the Exchange may impose on a member firm or issuer a measure to protect market integrity.
- (2) The provisions of the Exchange Rules and other acts of the Exchange relating to market protection measures shall apply *mutatis mutandis* to Progress Market surveillance, where the term “regulated market” is to be replaced by “Progress Market”.

DISPUTES

Dispute Resolution

Article 39

- (1) Any disputes which may arise from or in connection with these Rules, as well as legal effects resulting from them shall be attempted to be resolved amicably by the Exchange, member firm and issuer 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 40

- (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 41

- (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 from the date 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 42

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 43

- (1) These Rules shall enter into force and effect on 23rd April 2021.
- (2) On the day of entrance of these Rules into force and effect, the Progress Market Rules dated 7 July 2020, which entered into force and effect on 21 July 2020, shall cease to be valid.
- (3) Rulebooks and other acts necessary for the implementation of these Rules shall be adopted by the Exchange not later than 30 (thirty) days from the entry of the Rules into force and effect. Until such rulebooks and other acts enter into force and effect, the rulebooks and the other acts that had been adopted on the basis of the Progress Market Rules referred to in Paragraph 2 of this Article shall remain in force and effect and shall apply, to such extent as they do not contradict these Rules.