



**Prague Stock
Exchange**

Conditions for Admission of Debt Securities to Trading on the Regulated Market of the Exchange

EXCHANGE RULES, SECTION IX.



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Article 1 – Subject Matter and Definitions

- (1) The following terms have a meaning as defined below if other meaning does not arise from the context:
- a) “the Exchange” shall mean the company Burza cenných papírů Praha, a.s., IČ 47115629 with the registered seat at Rybná 14/682, 110 05 Prague 1, registered with the Commercial Register maintained by the Municipal Court in Prague, Section B, File 1773, website www.pse.cz;
 - b) “the Regulated Market of the Exchange” shall mean a European regulated market operated by the Exchange, other than the Official Market of the Exchange;
 - c) “admission” shall mean the admission of a debt security to trading on the Regulated Market in accordance with these rules;
 - d) “issue” shall mean mutually interchangeable debt securities with the same date of issue and with the same identification code assigned in accordance with the international numbering system for identification of securities and book-entry securities (ISIN);
 - e) “tranche” shall mean an independent issue of a debt securities that is issued successively in separate parts;
 - f) “debt security” – shall mean an investment security² other than equity security³ issued as:
 - i) “bond” – as a security or a book-entry security issued under the relevant laws of the Czech Republic to which the right to receive payment of the owed amount from its issuer is attached according to the Act. No. 190/2004 Coll., on Bonds,
 - ii) “other debt securities” – as debt securities issued under the relevant laws of the Czech Republic and other than bonds, or debt securities issued under foreign laws,
 - g) “bond programme” – shall mean joint issue conditions, which shall apply identically to a number of bond issues that is not determined beforehand,
 - h) “offering programme” – shall mean a plan for the issuance of debt securities in a continuous and repeated manner.
- (2) These rules regulate:
- a) the conditions for the admission of debt securities to trading on the Regulated Market of the Exchange,
 - b) the duties of issuers of debt securities,
 - c) the conditions for the exclusion and elimination of debt securities from trading on the Regulated Market of the Exchange,
 - d) the conditions for the suspension of trading on the Regulated Market of the Exchange,
 - e) the sanctions related to the admission to trading and failure to fulfil the duties of issuers on the Regulated Market of the Exchange and its imposition,
- (3) Debt securities traded on the Regulated market of the Exchange are those that have been issued in compliance with the generally binding legal regulations by an issuer with the registered seat in an OECD member country, are transferrable without limitation and admitted to trading on this

¹ Art. 55 of the Act 256/2004 Coll., on Undertaking on the Capital Market, as amended.

² Art. 3 Par. 2 of the Act 256/2004 Coll., on Undertaking on the Capital Market, as amended,

³ Art. 34 Par. 2 (b) of the Act 256/2004 Coll., on Undertaking on the Capital Market, as amended,



market. Minimal total nominal value of admitted issue expressed in any currency unit shall be at least in the value equal to EUR 200,000.

- (4) Bonds are admitted as the individual issues. An issue may be issued all at once or in tranches.
- (5) There is no legal entitlement to admission.

Article 2 – Application for Admission

- (1) An application, a prospectus and other information and documents stated in these rules are required for the admission of each issue. The Exchange may request additional information going beyond the requirements stated in these rules.
- (2) An issuer of debt securities or a trading member authorized by an issuer on the basis of a power of attorney may apply for admission on the Exchange.
- (3) The application must apply to all of debt securities in the issue.
- (4) The application must contain:
 - a) the issuer's identification information:
 - i) the name or registered business name, registered office of the issuer, identification number, LEI (Legal Entity Identifier) code;
 - ii) amount of the equity capital, or the amount of the issued and approved capital as regards international issuers;
 - iii) identification of the issuer according to NACE (Nomenclature générale des Activités économiques dans les Communautés Européennes);
 - iv) as regards a foreign issuer, it is necessary to submit a statement declaring that the issuer's legal status is compliant with the legal code of the country where the issuer has its registered office and that the debt securities comply with the legal code of the country according to which they have been issued;
 - v) as regards issues admitted to trading on several European regulated markets (dual listing), the name and address of the capital market supervision authority that approved the prospectus of debt security (hereinafter the "supervisory authority of the home state");
 - vi) codes of corporate control and management, which are mandatory or voluntarily complied with, or information pursuant to which no Code is followed.
 - b) data regarding the issue of debt securities:
 - i) ISIN and FISN⁴;
 - ii) class and type,
 - iii) information whether the debt securities are securities, book-entry securities or immobilised securities;
 - iv) information on a jurisdiction or law under which the debt securities have been issued.
 - v) volume of the issue to be truly traded;
 - vi) nominal value;

⁴ Financial Instrument Short Name fully compliant with the standard ISO 18774.



- vii) identification of the investment security according to ISO 10962.2⁵;
 - viii) specification of the domestic or foreign regulated market on which the issue is traded or on which an application was filed for admission to trading, including the date of admission;
 - ix) reference price⁶.
- (5) The application shall have the following appendices:
- a) certification of ISIN allocation;
 - b) power of attorney by the issuer, if a current trading member requests admission on behalf of the issuer (original or certified copy);
 - c) a prospectus with its all supplements. A prospectus is not required if an exception from the obligation to publish the prospectus applies⁷ A regional governmental authority shall submit an information document containing data equivalent to the data from a prospectus⁸;
 - d) in the case of securities, four sample printouts of a security, with a description of the technical design thereof. The security must be issued in accordance with Exchange Rules, Section XIV – Specific Details for Technical Design of Securities Admitted to Trading on the Exchange Markets;
 - e) a document proving the issuance of a bulk certificate or similar certificates issued under foreign laws representing the debt securities, alternatively a document proving the registration of debt securities in the registrar of securities maintained by a foreign securities depository,
 - f) in the case of immobilized bulk certificates representing the interchangeable debt securities or similar certificates issued under foreign laws, the affidavit of the person authorized to maintain the list of owners of the bulk certificate on the establishment of the list of owners of the bulk certificate;
 - g) in the case of foreign issuers, an extract from a registrar of legal persons maintained in the country where the issuer has its registered office (original or authenticated copy);
 - h) if the obligations of an issuer are guaranteed by a third party, the contract of guarantee;
 - i) a statement that the information contained in the application, documents and attachments is true, up-to-date and complete;
 - j) two originals of the Framework Agreement for Admission of Investment Instruments for Trading on the Market of the Exchange signed by the issuer.
- (6) The application, including all attachments, shall be sent to the Exchange in writing and in electronic form, if the nature of the documents allows so. The Exchange has a right to refuse the application that is not complete or that is submitted after 15:30 of respective working day.
- (7) The application, including appendices, may be submitted in English or Slovak.

⁵ International standard defining the classification of the types of securities and other financial instruments (so-called CFI codes).

⁶ Article 6 of the Exchange Rules – Section I. Trading rules for Automated Trading System XETRA® Praha.

⁷ Art. 1 (5) of the Regulation (EU) 2017/1129 of the European Parliament and of the Council 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.

⁸ Especially identification of the issuer, audited financial statements, risk factors related to the issuer and issue, information regarding all admitted loans, credit lines, guarantees and other forms of security granted in connection herewith, and regarding other facts that may significantly affect the issuer's ability to fulfil obligations arising from issued bonds.



Article 3 – Admission of Issue

- (1) The Chief Executive Officer decides about the admission on the Regulated market within 10 working days following the application delivery.
- (2) If the issue subject to admission is issued within a bond programme or offering programme, the issuer must first apply for the admission of such a programme, in accordance with Article 4 (2).
- (3) For the purposes of making its decision, the Exchange may request missing or other supplementary information from the applicant. Such a request temporarily suspends the deadline set forth in paragraph 1.
- (4) The issuer must be notified of the ruling in writing. The decision shall stipulate a date when the trading will be launched or a way how such a date will be stipulated. As regards a decision regarding the issuer's application, the Chief Executive Officer has the right to establish disclosure duties at variance with Article 6, provided that the applicable legal regulations must be complied with. The ruling on admission shall also specify the fees for admission in accordance with the Tariff of Exchange Fees and also the first trading day or a matter how this day shall be stipulated.
- (5) The Exchange may decide on admission of an issue to trading on the Regulated Market prior to the issuance of the issue. In this case, the decision shall contain the condition precedents of this decision (including the condition that the issue shall really be issued)
- (6) The ruling on admission shall become effective on the day of delivery. If the applicant fails to settle the stipulated fees or fails to comply with the conditions according to paragraph 8, the ruling shall be deemed ineffective.
- (7) The applicant shall provide the Exchange with the final version of the prospectus in hard copy and electronic form no later than one day before the beginning of trading.
- (8) If the issue or the issuer do not meet the conditions stipulated by generally binding legal regulation or these Rules, or if there is justified concern that the admission of such an issue to the Exchange would violate the principle of protecting investors and other participants of the Exchange market or may threaten important public interests, the Chief Executive Officer shall reject the application.
- (9) Issues of state bonds and issues for which generally binding legislation or an international treaty so stipulate are admitted without an application and without a prospectus.
- (10) Upon meeting all the provisions of the relevant legal regulations, the Chief Executive Officer may in cases deserving special attention and based on an application decide to grant an exception on any requirement identified herein if it believes that the interests of investors or transparent functioning of the Exchange market will not be affected.

Article 4 – Admission of a Tranche and of a Bond or Offering Programme

- (1) For the individual tranches of an issue that is already traded on the Regulated market an notification is required to the extent specified in Article 2 (4) (a) (i), (ii), (iv) and (b) (i), (v) of the conditions. The increase in the number of debt securities in a traded issue up to the given number previously approved by the Chief Executive Officer is carried out on the basis of a notification. The applicant shall furthermore submit to the Exchange a supplement of prospectus if so required by law.



- (2) In the case of establishing a bond programme, the issuer or a trading member of the Exchange may, based on the application and to the extent of the relevant data listed in Article 2, ask the Chief Executive Officer to admit the bond programme or offering programme. The submission of the annexes listed in Article 2 (5) (a), (d), (e) and (f) is not required. The Chief Executive Officer may decide on the admission of a bond programme or offering programme even prior to the approval of its base prospectus by the supervisory authority. In such a case, the decision shall list the conditions of postponing the effect of such a decision and the deadline by which the conditions shall be met.
- (3) If an issue that is issued within the framework of a bond programme or offering programme is admitted, an application is required to the extent set forth in Article 2 (4) herein. If the Chief Executive Officer has previously admitted the bond programme or offering programme pursuant to paragraph 2, the applying person shall submit only of an addendum to the prospectus or final terms of issue and base prospectus or a supplement to prospectus if it is required by the supervisory authority. The application shall include a document confirming the approval of the supplement to the prospectus by the supervisory authority and appendices pursuant to Article 2 (5), (a), (d), (e) and (g).

Article 5 – Prospectus

- (1) A prospectus must be approved by the competent supervisory authority. If an issuer has its registered office in a different EU Member State, the prospectus must be approved by the supervisory authority for the state where the issuer has its registered office and must be provided to the Czech National Bank together with certification of its preparation in compliance with the laws of the European Union, with the exception of the bonds specified in Art. 2 (m) (ii) of the Regulation of the European Parliament and Council (EU) No. 2017/1129.
- (2) If the issuer in question has its registered office in a country that is not an EU Member State, the prospectus must be approved by the Czech National Bank or it must be approved by the supervisory authority of another EU Member State and be provided to the Czech National Bank together with certification of its preparation in compliance with European Union law.
- (3) The prospectus must be compiled in the language required by the relevant legislation⁹ and published in accordance with the legislation 1 day prior to the admission to trading at the latest.
- (4) The minimum requirements for the prospectus are defined by a generally binding regulation.

Article 6 – Issuer’s Duties

- (1) If any of the specifications provided in the prospectus are significantly changed after a prospectus is approved (prior to the commencement of the trading), or if any significant inaccuracy is identified, and if such a change or inaccuracy may affect the evaluation of debt securities, the issuer must issue an addendum to the prospectus and submit it immediately to the Exchange. In compliance with the relevant laws and regulations, the addendum to the prospectus must be approved by the relevant supervisory authority.
- (2) The issuer may not use untruthful or misleading information or conceal facts of importance for deciding on the acquisition of debt securities during the promotion of the issue of such debt securities or when performing other disclosure duties, and, in particular, shall not offer

⁹ Art. 27 of the Regulation (EU) 2017/1129 of the European Parliament and of the Council 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.



advantages whose reliability cannot be guaranteed, or provide untruthful data about its financial situation.

- (3) The issuer of debt securities admitted to the Regulated Market of the Exchange shall make use of the recommended Exchange standards for exercising the rights connected with bonds.
- (4) The issuer of debt securities admitted to trading on the Regulated market of the Exchange shall submit the following to the Exchange via the www1.pse.cz web application:
 - a) an annual report and consolidated annual report, no later than 4 months after the end of each fiscal year; do not apply for the cases when an issuer do not have such a duty according to the relevant laws,
 - b) a semi-annual report or consolidated half-yearly report, if the issuer is obliged to compile consolidated semi-annual reports, within 3 months following the end of the first 6 months of each fiscal year (the consolidated semi-annual report must be compiled in accordance with IAS34); do not apply for the cases when an issuer do not have such a duty according to the relevant laws;
 - c) if applicable, report on remuneration paid to a state no later than 6 months after the end of each fiscal year (Art. 119a of Act 256/2004 Coll., on Undertaking on the Capital Market);
 - d) without undue delay information about the exercising of rights from convertible or priority bonds and the exercising of subscription rights;
 - e) without the undue delay, personnel changes to the board of directors, supervisory board, top management;
 - f) without undue delay changes to the entry in the Commercial Register involving the issuer;
 - g) without undue delay all changes to rights relating to the listed bonds;
 - h) without undue delay all information required for the protection of investors or for securing the smooth functioning of the market (e.g. legal and commercial disputes, new patents and licenses, closure or cancellation of new contracts, appointment of a new auditor);
 - i) without undue delay information regarding a change in the terms of issue, convocation of owners' meetings, execution of rights arising from convertible or priority bonds, payment of yields and repayment of debt securities;
 - j) without undue delay a draft resolution for an increase or decrease of registered capital;
 - k) without undue delay information regarding all admitted loans, credit lines, guarantees and other forms of security granted in connection herewith, and regarding other facts that may significantly affect the issuer's ability to fulfil obligations arising from issued debt securities;
 - l) in the case of convertible and priority debt securities, it is necessary to submit without undue delay information regarding any changes to the rights relating to shares that may be acquired on the basis of those bonds;
 - m) as regards variable debt securities, it is necessary to provide information regarding a change in the exchange rate on the date of the determination thereof according to the terms of issue.
- (5) The issuer is furthermore required to submit the application for the admission to trading for new debt securities that are issued and bearing the same ISIN identifier as the debt securities that has been issued and already admitted to trading on this market, in compliance with Article 4 (1) of the Rules, i.e. prior to the issue. As regards dual listing, the issuer shall submit the application for the



admission of newly issued debt securities on the Regulated market of the Exchange, prior to the issue.

- (6) The issuer shall notify the Exchange about any significant changes that are not publicly known and that are related to the financial situation of the issuer, changes to the data specified in the prospectus, supplement to the prospectus and also about other facts that could directly or indirectly cause changes to the prices of the admitted debt securities or could restrain the ability of the issuer to fulfil obligations arising from the issue, without any undue delay.
- (7) In case of dual listing, the issuer is always and without undue delay required to submit to the Exchange all documents, data and information to the same extent as such documents, data and information are submitted to the foreign regulated market(s).
- (8) If permitted by the law, the issuer may fulfil its disclosure duty also entirely in English or Slovak. The Chief Executive Officer shall define whether and, if so, what documents, data and information submitted by the issuer in English or Slovak should then also be provided to the Exchange in Czech.
- (9) The Exchange shall publish the information provided to it on the basis of the performance of the issuer's duties.
- (10) In compliance with the relevant laws, the Exchange is obliged to conduct specific inspection activities in relation to the suspicion of the market manipulation or of the abuse of inside information, alternatively in order to ensure a transparency of the market. Every issuer is obliged to provide the necessary cooperation to the Exchange for these inspection activities.

Article 7 – Suspension and Exclusion from Trading

- (1) The Chief Executive Officer may decide on suspension or exclusion of debt securities from trading on the Regulated market under the following circumstances:
 - a) in accordance with the specific provisions established by the Exchange Rules;
 - b) in case of the issuer's dissolution or winding-up with liquidation or when a resolution with the same or similar effect has been adopted;
 - c) the issuer or the issues have ceased to satisfy conditions established by generally binding legislation and/or the Exchange Rules;
 - d) for other extraordinary reasons (e.g. a decision of the supervisory authority, execution of a stock event).
- (2) The provisions of Art. 1 (b) shall not apply if the company has been dissolved without liquidation and if the legal successor of the dissolved issuer has taken over the obligations stemming from such bonds.
- (3) If a court issues a decision declaring the issuer's insolvency, or if such a decision is adopted by a foreign competent authority with the same or similar legal effect with respect to the issuer, the Chief Executive Officer will suspend the trading of all the issuer's debt securities on the Regulated market for the necessary period of time in order to duly inform the market of this fact and/or will suspend trading for an indefinite period of time if serious reasons exist for this (e.g. together with the issue of a decision on insolvency, the corresponding authority will issue a non-effective bankruptcy decision).
- (4) If a court issues a decision to declare bankruptcy against the issuer's assets or decision on rejection of the insolvency petition due to lack of the issuer's property, the Chief Executive Officer



will suspend the trading of all the issuer's debt securities on the Regulated market until such decision is cancelled, or until a different period of time if serious reasons exist for this.

- (5) If the decision according to the previous paragraph is cancelled, the Chief Executive Officer will cancel the suspension of all issuer's debt securities from trading on the Exchange. The Exchange will exclude the debt securities from trading as of the day of effectiveness according to the previous paragraph.
- (6) If a court issues a decision permitting the issuer's reorganization, the Chief Executive Officer will suspend (keep the suspension of) the trading of all the issuer's debt securities on the Regulated market for the necessary period of time in order to duly inform the market of this fact; the issuer's debt securities will remain on the Regulated market.
- (7) Where this article refers to a court decision, this shall also include a decision of the corresponding foreign competent authority with the same or similar legal effect.
- (8) Trading of the debt securities will be terminated or suspended on the day established in the ruling on the exclusion or suspension of debt securities from trading.
- (9) The decision on suspension or exclusion of debt securities from trading shall be published by the Exchange in accordance with the relevant laws and also in the Exchange Bulletin; subsequently, the decision and its written justification shall be sent in writing to the issuer. For the avoidance of any doubts, publication or delivery of the decision to the issuer is not a prerequisite for the decision to come into effect.
- (10) The suspension or exclusion of debt securities from trading and/or transfer of debt securities to another market will be based on the decision by the Chief Executive Officer. A decision of this type may also be issued by a deputy Chief Executive Officer.

Article 8 – Elimination from Trading

- (1) The Chief Executive Officer shall eliminate the debt securities from trading upon request of the issuer and upon the issuer meeting the conditions stipulated in the Exchange Rules and the applicable legislation. The following documents shall be attached to the application:
 - a) a document showing that the issuer or another authorized person decided on the elimination from trading in compliance with generally binding legal regulations of the country in which the issuer has its registered office,
 - b) a document proving that the issuer has complied with the conditions for the elimination of debt securities from trading set forth in the relevant legal regulation.
 - c) other documents as may be reasonably required by the Exchange in order for the Exchange to proceed in compliance with the applicable laws (e.g. an opinion of a reputable international law firm proving that the decision has been adopted in accordance with the applicable laws).
- (2) The trading in debt securities will be terminated on the day established in the decision on elimination of the debt securities from trading (hereinafter "Termination Date"). The decision on elimination must designate the Termination Date in accordance with the present rules and applicable legislation. For other cases not regulated herein or by law, the Termination Date may not be earlier than 1 month and not later than 3 months after the delivery of the request with all the prescribed documents; however, to the extent permitted by law the Exchange and the issuer may agree on a different Termination Date.



- (3) The last trading day of issues of debt securities shall be the second trading day prior to their date of record for the determination of the persons who are entitled to a payout of the nominal value of the debt securities or to its last unpaid portion, unless otherwise established by a special regulation, the ruling of a relevant Exchange body or the conditions of issue. In such a case, prior to the last trading day, the issuer shall request elimination of debt securities from trading due to the redemption of the issue; no documents have to be attached to the request. The same applies to early redemption specified in the issue conditions. In justified cases the Exchange and the issuer may agree on a different day of elimination of debt securities from trading.
- (4) The Exchange shall publish the decision on the elimination of debt securities from trading in accordance with the relevant laws and also the Exchange Bulletin, and shall inform the issuer in writing of this fact and its justification. For the avoidance of any doubt, publication or delivery of the decision to the issuer is not a prerequisite for the decision to come into effect.
- (5) The elimination of debt securities from trading will be based on the decision by the Chief Executive Officer. A decision of this type may also be issued by a deputy Chief Executive Officer.

Article 9 – Sanctions in the Case the Issuer Fails to Fulfil Obligations

- (1) If the issuer fails to fulfil the conditions established by the Exchange Rules, the Chief Executive Officer may impose any of the following sanctions, whether once or repeatedly:
 - a) a written reprimand;
 - b) public announcement of the fact that the obligation to disclose information has been breached (in the Exchange Bulletin, on the Exchange's website, newspaper and/or using any other means);
 - c) a penalty of up to CZK 1,000,000;
 - i) for the first breach up to CZK 100,000
 - ii) for the second breach up to CZK 300,000
 - iii) for the third breach up to CZK 1,000,000
 - d) suspension of debt securities from trading, for the period necessary for the remedial actions;
 - e) exclusion of the debt securities from trading.
- (2) The issuer will only be imposed a stricter measure if a less strict measure is insufficient to achieve the purpose thereof. The Chief Executive Officer shall impose the measures while observing the adequacy principle. The issuer shall submit to the sanctions imposed in accordance with the Exchange Rules.
- (3) Multiple sanctions listed in the previous paragraph may apply to a single violation.
- (4) Imposing a sanction shall not affect the fulfilment of the obligations of the issuer based on the Exchange Rules.
- (5) Sanctions may be imposed within six months of the day on which the Chief Executive Officer learns about the facts critical for the imposing thereof; however, not later than one year following the occurrence of such facts.



Article 10 – Sanctions Procedure

- (1) In the event of the issuer's failure to fulfil its obligations where a sanction may be imposed on the issuer a written notice will be sent to the issuer's registered office or registered branch in the Czech Republic.
- (2) The written communication according to paragraph 1 comprises:
 - a) a specification of the reasons for which the sanctions may be imposed;
 - b) sanctions that may be applied vis-à-vis the issuer or the issuer;
 - c) a request asking the issuer to remedy the breach, to submit a comment, and/or to provide all details significant for the case including the due date to comply with the request.
- (3) For the purpose of sanction procedure, the Exchange is entitled to request information, documents or other materials from the issuer, that could help determine the true state of affairs.
- (4) The issuer is obliged to comply with the request contained in the notice.
- (5) Decisions on imposed sanctions will be delivered to the issuer's registered office or registered branch in the Czech Republic. The decision shall include due date for the maturity of financial sanction if applicable.
- (6) The decision on the application of a measure can be appealed within 15 calendar days of the delivery thereof to the issuer.

Article 11 – Responsibility

By admission of debt securities for trading, the Exchange does not assume any liability related to these debt securities and is not liable for any damage that occurs as a result of trading with these debt securities.

Article 12 – Effectiveness

This part of the Exchange Rules, "Conditions for Admission of Debt Securities to Trading on the Regulated market of the Exchange," was approved by the 278th Exchange Chamber meeting on June 12th, 2019 and takes effect from July 21st, 2019.