



**Prague Stock  
Exchange**

# **Conditions for Admission of Derivative Investment Instruments to Trading on the Regulated Market of the Exchange**

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**EXCHANGE RULES, SECTION X.**

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## Article 1 – Introductory Provisions

- (1) These rules set forth the conditions for the admission of derivative investment instruments on the Regulated Market of the Burza cenných papírů Praha, a.s., Id.No. 47115629, registered office at Rybná 14/682, 110 05 Prague 1, website [www.pse.cz](http://www.pse.cz) (hereinafter the “Exchange”). For the purpose of these rules, the derivative investment instruments mean securities, book-entry securities or immobilized securities (hereinafter the “securities”) the price of which is derived from the price of the underlying asset stipulated by the issuer of the securities; such investment instruments can be e.g. investment certificates, warrants, or other securities bearing similar rights (hereinafter “investment instruments”). The admission of investment instruments for trading on the Regulated Market of the Exchange according to these rules is hereinafter referred to as the “admission”. The Regulated Market<sup>1</sup> is the European regulated market operated by the Exchange, other than the Official Market of the Exchange.
- (2) The Chief Executive Officer makes a decision on the admission of the investment instruments for trading.
- (3) There is no legal entitlement to admission.

## Article 2 – Application for Admission

- (1) An application and a prospectus are required for admission, according to the applicable laws, unless the present Rules stipulate different conditions.
- (2) The issuer or an authorized trading member acting on behalf of the issuer pursuant to a power of attorney applies for admission on the Exchange.
- (3) The application must contain:
  - a) the issuer’s identification information:
    - i) the name or registered business name, registered office of the issuer, LEI (Legal Entity Identifier) code;
    - ii) identification number of the issuer (if assigned);
    - iii) amount of the equity capital, or the amount of the issued and approved capital as regards international issuers;
    - 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 securities comply with the legal code of the country according to which they have been issued;
    - v) as regards issues admitted for trading in multiple regulated markets within the EU (dual listing), the name and address of the relevant capital market supervision authority (hereinafter the “supervisory authority of the home state”);
    - vi) an evaluation of the rating of the issuer or its warrantor conducted by a rating agency, if such an evaluation was performed;
    - vii) identification of the issuer according to NACE (Nomenclature générale des Activités économiques dans les Communautés Européennes).

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<sup>1</sup> § 55 of the Act 256/2004 Coll., on Undertaking on the Capital Market, as amended.



- b) Data regarding the investment instrument:
- i) ISIN and FISN<sup>2</sup> ;
  - ii) description of the investment instrument (short name, class, type, information on book-entry or immobilization, applicable law), date of issue and identification of the underlying asset;
  - iii) number of certificates and nominal value;
  - iv) issue price;
  - v) 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;
  - vi) reference price<sup>3</sup> ;
  - vii) maturity date, if identified;
  - viii) identification of risk category in compliance with the published Exchange methodology;
  - ix) specification of a liquidity provider, standard quote, spread, minimum multiple of standard quote; a liquidity provider a trading member who has been authorized to act (based on a contract with the Exchange) as so called liquidity provider to ensure liquidity of trading in the investment instrument;
  - x) identification of the investment security pursuant to ISO 10962<sup>4</sup> ,
  - xi) other facts and information required by the Exchange when reflecting specifics of an investment instrument and its underlying that are necessary for the fulfilment of duties of the Exchange resulting from the relevant laws and regulations.
- (4) The application shall include the following enclosures:
- a) power of attorney by the issuer, if a current member requests admission on behalf of the issuer (original or certified copy);
  - b) a prospectus and the final conditions of the offer if these are not included in the basic prospectus; However, the prospectus is not required if an exception from the obligation to publish the prospectus applies<sup>5</sup>;
  - c) evidence of issuing a collecting list representing the investment instruments or evidence of their entry into the investment instrument records kept by the national or international depository; information on assigning an ISIN or another identification code must be included in this document;
  - d) reference to the website providing information regarding the current, decisive, reliable and publicly available price for the underlying assets;
  - e) two originals of the Framework Agreement for Admission of Investment Instruments for Trading on the Market of the Exchange signed by the issuer.

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<sup>2</sup> Financial Instrument Short Name fully compliant with the standard ISO 18774.

<sup>3</sup> Article 6 of the Exchange Rules – Section I. Trading rules for Automated Trading System XETRA® Praha.

<sup>4</sup> International standard defining the classification of the types of securities and other financial instruments (so-called CFI codes).

<sup>5</sup> 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.



- (5) The application, including enclosures, shall be sent to the Exchange in writing and in electronic form, if the nature of the documents permits. The Exchange has a right to refuse the application that is not complete or that is submitted after 15:30 of respective working day.
- (6) The application, including appendices, may be submitted in English or Slovak.

## **Article 3 – Admission of an Investment Instrument Issue**

- (1) The Chief Executive Officer decides on admission on the Regulated Market within 10 business days of application delivery.
- (2) If the issue subject to admission is issued within an offering programme, the issuer must at first ask for the admission of such an offering programme, in accordance with Article 4 (1).
- (3) For the purposes of making its decision, the Exchange may request missing or other supplementary information from the issuer. Such a request temporarily suspends the deadline set forth in paragraph 1.
- (4) The Exchange will assess the due determination of the price and the suitable manner of the investment instrument settlement in accordance with Art. 56 (4) of Act 256/2004 Coll., on trading on the capital market.
- (5) The resolution of the Chief Executive Officer must be communicated to the issuer in writing. The decision 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.
- (6) The decision on admission takes effect on the day of its delivery. If the issuer fails to fulfil the condition precedent within the period established in the decision on admission or to pay the assessed fees, the decision shall be deemed null and void. When admitting investment instruments issued within the framework of an offering program, the individual issues are subject to fees. The fees must be paid prior to the commencement of trading.
- (7) Prior to the commencement of trading, the issuer is obliged to deliver to the Exchange the final version of the prospectus in written and electronic form.
- (8) If the investment instruments subject to admission or the issuer do not meet the conditions stipulated by generally binding legal regulations or these Rules, or if there is justified concern that their admission to the Exchange would be at variance with the principle of protecting investors and other participants of the Exchange market, the Chief Executive Officer shall reject the application.
- (9) The condition precedent of the decision in accordance with paragraph 6 may, in particular, consist in the actual issuing of an investment instrument, a decision by the relevant capital markets supervisory authority (hereinafter the “supervisory authority”) with regard to approving the prospectus or presentation of additional documents. The precise specifications of the condition precedent and the time within which the condition precedent is to be fulfilled must be a part of the decision on admission.
- (10) In order to trade investment instruments, it is necessary to ensure that an agreement is entered into between the issuer and a liquidity provider, unless the liquidity provider is also an issuer, and that a contract is entered into between the Exchange and the liquidity provider for the performance of the liquidity provider’s activities. The issuer undertakes to provide for trading



through a liquidity provider for the entire period of trading the investment instrument issued and admitted for trading.

## Article 4 – Admission of an Investment Instrument Tranche in Offering Programme

- (1) If an offering programme has been established, the issuer may, to the extent of the relevant data listed in Article 2, ask the Chief Executive Officer to admit the basic prospectus for the programme and the investment instruments issued within such a programme. The appendix to the application shall be the basic prospectus, which need not include the final conditions related to the individual issues (namely the ISIN, price, final price and number of investment instruments). If significant changes occur in the basic prospectus during the course of the offering programme or during continuous or repeated issue of investment instruments, an addendum to the prospectus must be submitted to the Exchange.
- (2) The individual issues released in the course of an offering programme are admitted based on the issuer's notification. The notification must in particular include the data listed in Article 2 (3) (b), while an appendix to the notification shall consist of the final conditions of the offer if these were not included in the basic prospectus or an appendix to the prospectus. If the investment instruments issued under an offering programme do not fulfil the conditions established by the generally binding legal regulations or the Exchange Rules, the Exchange will not commence trading in such investment instruments.
- (3) Individual tranches of an issue that is already admitted for trading are admitted based upon the issuer's notification. That notification must indicate the number of investment instruments to be issued and document their issuance.

## 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, save for the debt securities 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 legislation<sup>6</sup> 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.

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<sup>6</sup> 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.



## Article 6 – Issuer’s Duties

- (1) The investment instrument issuer is obliged to meet the disclosure duty.
- (2) 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 the investment instrument, 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.
- (3) The issuer may not use untruthful or misleading information or conceal facts of importance for deciding on the acquisition of investment instruments during the promotion of the issue of such investment instruments or when performing other disclosure duties, and, in particular, shall not offer advantages whose reliability cannot be guaranteed, or provide untruthful data about its financial situation.
- (4) The issuer of the investment instrument admitted to the Regulated Market of the Exchange shall submit the following to the Exchange, via the [www1.pse.cz](http://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;
  - 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);
  - c) without undue delay changes in the issuer’s rating or the choice of a guarantor;
  - d) without undue delay a draft resolution for an increase or decrease of registered capital;
  - e) without undue delay information on each change to the rights related to the investment instrument;
  - f) without undue delay any information on each fact significant for the protection of investors and the correct functioning of the market.
- (5) The issuer of an investment instrument admitted to trading on the Regulated Market is obliged without undue delay to disclose to the Exchange any relevant internal information relating to the issuer. The extent of internal information is stipulated by law<sup>7</sup>.
- (6) The Exchange shall publish the information provided to it based on the performance of the issuer’s duties.
- (7) If the investment instruments have been admitted for trading in several regulated markets, the issuer shall publish the same information on all such markets at the same time.
- (8) The issuer may fulfil its disclosure duty also entirely in English or Slovak. The Chief Executive Officer shall determine whether and, if so, what documents, data and information submitted in English or Slovak should then also be provided to the Exchange in Czech.
- (9) 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

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<sup>7</sup> Art. 124 and following of the Act 256/2004 Coll., on Undertaking on the Capital Market, as amended.



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 – Exclusion, Suspension and Elimination of Investment Instruments from Trading**

- (1) The Chief Executive Officer is entitled to exclude or suspend an investment instrument from trading on the Regulated Market if a serious reason exists regarding the protection of investors or the correct functioning of the market, especially 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, if the issuer or the issues have ceased to satisfy conditions established by generally binding legislation and/or the Exchange Rules, if a court issues a decision declaring the issuer's insolvency, or if the duties of the issuer stipulated by law or the Exchange Rules were violated.
- (2) The Chief Executive Officer shall eliminate the investment instruments from trading upon request of the issuer and upon:
  - a) the issuer meeting the conditions stipulated in the applicable laws and the Exchange Rules,
  - b) submission of a document showing that the issuer or another authorized person decided on the elimination of investment instruments from trading in compliance with generally binding legal regulations of the country in which the issuer has its registered office, and
  - c) submission of other documents as may be reasonably required by the Exchange in order for the Exchange to proceed in compliance with the applicable laws.
- (3) Trading in the investment instruments shall be suspended on the day defined in the resolution on suspension from trading.
- (4) Trading in the investment instruments shall be terminated:
  - a) on the day defined in the resolution on exclusion or elimination from trading;
  - b) if during the open phase the price for the investment instrument reaches a knock-out price.
- (5) For termination of trading in case of redemption or early redemption of the investment instruments the Conditions for Admission of Bond for Trading on the Regulated Market of the Exchange apply accordingly.
- (6) The decision on elimination of the investment instruments from trading upon request must designate the date of trading termination in accordance with the applicable legislation. For other cases not regulated by law, the date of trading termination 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.
- (7) The decision on suspension, exclusion or elimination from trading shall be published in accordance with the relevant laws and also in the Exchange Bulletin. The decision and its written justification shall be sent in writing to the issuer. For the avoidance of any doubt, publication or delivery of the decision to the issuer is not a prerequisite for the decision to become effective.
- (8) The suspension, exclusion or elimination of investment instruments 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 8 – 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 investment instruments from trading, for the period necessary for the remedial actions;
  - e) exclusion of the investment instruments 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 issuer's obligations set forth in 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 9 – Sanctions Procedure

- (1) In the event of the issuer's failure to fulfil its obligations where a sanction may be imposed on the issuer, the Exchange shall send a written notice to the registered office of the issuer 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;
  - 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 may contain a decision on publication of information in the Exchange Bulletin or on the Exchange's webpage and 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 10 – Responsibility**

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

## **Article 11 – Effectiveness**

This section of the Exchange Rules “Conditions for Admission of Derivate Investment Instruments 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