



**Prague Stock
Exchange**

Conditions for Admission of ETF to Trading on the Regulated Market of the Exchange

EXCHANGE RULES, SECTION XI.



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Article 1 – Introductory Provisions

- (1) These rules set forth the conditions for the admission of Exchange Traded Funds (hereinafter “ETF”) 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 (hereinafter the “Exchange”). The admission of ETF for trading on the Regulated Market according to these rules is hereinafter referred to as the “admission”. The Regulated Market is a European regulated market¹ operated by the Exchange, other than the Official Market of the Exchange.
- (2) ETFs traded on the Regulated Market of the Exchange are those that have been issued in compliance with the generally binding legal regulations. ETF admitted for trading on the Regulated Market are listed investment instruments.
- (3) There is no legal entitlement to admission.

Article 2 – Application for Admission

- (1) An application and a statute are required for admission.
- (2) The issuer or an authorized trading member, acting on behalf of the issuer based on a power of attorney, applies for the admission.
- (3) The application must contain:
 - a) the issuer’s identification information:
 - i) the name or registered business name, registered office, legal status, identification number, LEI (Legal Entity Identifier) code;
 - ii) identification according to NACE (Nomenclature générale des Activités économiques dans les Communautés Européennes);
 - iii) as regards issues admitted for trading on multiple regulated markets in the EU (dual listing), the name and address of the relevant capital market supervision authority (hereinafter the “supervisory authority of the home state”);
 - iv) as regards a foreign issuer, it is necessary to submit a statement pursuant to which the issuer’s legal status is compliant with the legal code of the country where the issuer has its registered office and that the ETF comply with the legal code of the country according to which they have been issued;
 - v) for an open-end fund it is also necessary to provide the identification of the investment company managing the fund’s assets (business name or name, registered office).
 - b) Data regarding the individually admitted ETF:
 - i) ISIN and FISN²;
 - ii) ETF description (class, type, information on book-entry or immobilisation, underlying asset or assets), date of issue;
 - iii) quantity as of the date of submission of the application;

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

² Financial Instrument Short Name fully compliant with the standard ISO 18774.



- 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 price³;
 - vii) specification of a liquidity provider, standard list amount, maximum permissible listing spread, minimum multiple of standard list size, a liquidity provider means a trading member who has been authorized to act (based on a contract with the Exchange) as so called specialist to ensure liquidity of trading in the ETF;
 - viii) identification of the ETF according to ISO 10962⁴.
- (4) The application shall include the following enclosures:
- a) power of attorney (original or authenticated copy) of the issuer if an authorized trading member is applying for admission in the name of the issuer;
 - b) Articles of Association or a similar document of the issuer;
 - c) Statute and Key Investor Information Document of the issuer, or similar document(s) issued in accordance with the legal regulation of the country in which the issuer has its registered office, approved by the competent supervisory authority;
 - d) evidence of the publication of a collecting list representing the issue of the ETF or evidence of the entry of the ETF in the records kept by the central depository; information on assigning an ISIN must be included in this document;
 - e) decision of the Czech National Bank permitting the establishment of the collective investment fund or notification of the competent authority of the issuer's home member state that the authority has transmitted the complete notification file to the Czech National Bank according to the Directive 2009/65/EC of the European Parliament and of the Council,⁵
 - f) two originals of the Agreement on Admission of Investment Instruments for Trading on the Market of the Exchange signed by the issuer,
 - g) a declaration of the issuer that complies with the requirements laid down in Art. 294 and following of the Act No. 240/2013 Coll., on Investment Companies and Investment Funds, as amended.
- (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, if permitted by law.

Article 3 – Resolution on Admission

- (1) The Chief Executive Officer decides about the admission on the Regulated Market, within 10 business days of the application delivery.

³ Article 6 of the Exchange Rules – Section I. Trading rules for Automated Trading System XETRA® Praha,

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

⁵ Art. 325 of Act No. 240/2013 Coll., on Investment Companies and Investment Funds.



- (2) 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.
- (3) The decision 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.
- (4) 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.
- (5) If the ETF subject to admission or the issuer do not meet the conditions stipulated by the generally binding legislation 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.
- (6) The condition precedent of the decision in accordance with paragraph 4 may, in particular, consist in the actual issuance of the ETF, submission of enclosures according to Article 2(4)(e) or the submission 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.
- (7) In order to trade ETF, it is necessary to ensure that an agreement is entered into between the issuer and a liquidity provider 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 of the ETF issued and admitted for trading.

Article 4 – Statute and Key Investor Information Document

- (1) The statute and the key investor information document must be approved by the supervisory authority, if required by the legislation of the issuer's country.
- (2) The specific features to be included under the statute and the key investor information document of Czech ETF are specified in the generally binding legal regulation;⁶ as regards foreign ETF, the issuer's home state legislation shall apply.

Article 5 – Issuer's Duties

- (1) The issuer of an ETF admitted on a Regulated Market is obliged to disclose information in accordance with the applicable legal regulations of the home state⁷, in a manner stipulated in the Statute. The issuer shall also submit the following to the Exchange, via the www1.pse.cz web application:

⁶ Commission regulation (EU) No 583/2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards key investor information and conditions to be met when providing key investor information or the prospectus in a durable medium other than paper or by means of a website.

⁷ Art. 219 et seq., Act No. 240/2013 Coll., on Investment Companies and Investment Funds.



- a) amendment to the Statute or the key investor information document without undue delay following an approval by the supervisory authority of the home state, if such approval is required;
 - b) annual report no later than 4 months following the end of each fiscal year;
 - c) semi-annual report no later than 3 months following the end of the first 6 months of each fiscal year; do not apply for the cases when an issuer does not have such a duty according to the relevant laws;
 - d) 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);
 - e) without undue delay other information, to be published in accordance with the EU law in the country where the issuer has its registered office and the authority of which has granted the permission (including, for example, information that may significantly affect the value of the ETF or information that may significantly worsen the economic situation of the investment company or fund);
 - f) specification of the current quantities of ETF issued, on the monthly basis, or immediately upon a significant change in the quantity;
 - g) any information on each fact significant for the protection of investors and the correct functioning of the market, without unreasonable delay;
- (2) The issuer of ETF admitted to trading on the Regulated Market is obliged without undue delay to disclose to the Exchange any relevant internal information applicable to the issuer.⁸
 - (3) The Exchange shall publish the information provided to it on basis of the performance of the issuer's duties.
 - (4) If the ETF have been admitted for trading in several regulated markets, the issuer shall publish the same information in all such markets at the same time.
 - (5) The issuer shall fulfil its disclosure duty in Czech.
 - (6) 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 6 – Suspension and Termination of Trading

- (1) The Chief Executive Officer is entitled to exclude ETF from trading on the Regulated Market, particularly if the issuer loses its licence as a collective investment fund or fails to comply with the duties stipulated by law or the Exchange Rules or if a serious reason exists regarding the protection of investors and the correct functioning of the market. On those grounds, the Chief Executive Officer may also suspend ETF from trading for the period necessary for remedial actions.
- (2) The Chief Executive Officer shall eliminate an ETF from trading upon request of the issuer and upon the issuer meeting the conditions stipulated in the Exchange Rules and in the applicable laws (if any). The request must include a document showing that the issuer or another authorized person decided to eliminate ETF from trading in compliance with generally binding legal

⁸ Art. 124 of Act 256/2004 Coll., on Undertaking on the Capital Market, as amended.



regulations. The Exchange may require submission of other documents in order for the Exchange to proceed in compliance with the applicable laws.

- (3) Trading with ETF will be terminated on the day established in the decision on the exclusion or elimination from trading. The decision on elimination of ETF 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.
- (4) The decision on exclusion, suspension or elimination of ETF from trading may 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.
- (5) The exclusion, elimination and suspension of ETF 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 7 – Sanctions upon Non-Compliance by Issuer

- (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 ETF from trading, for the period necessary for remedial actions;
 - e) exclusion of the ETF from trading.
- (2) 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 based on the Exchange Rules.
- (4) 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 8 – 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) 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 management needs, 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 9 – Responsibility

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

Article 10 – Effectiveness

This section of the Exchange Rules, "Conditions for Admission of ETF to Trading on the Regulated Market of the Exchange," was approved by the Exchange Chamber per rollam and takes effect from January 2nd, 2018.