



## **EXCHANGE RULES, SECTION XII.**

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

# PART I. GENERAL

## Article 1

### Subject Matter and Definitions

(1) In these Rules, the following terms shall have the meaning ascribed to them below unless the context implies otherwise:

a) **“the Exchange”** – shall mean Prague Stock Exchange (Burza cenných papírů Praha, a.s.), Company ID (IČO) 47115629, having its registered office at Rybná 14/682, 110 05 Praha 1, registered with the companies register maintained by the Metropolitan Court in Prague, section B, entry No. 1773, website address: [www.pse.cz](http://www.pse.cz),

b) **“collective-investment securities”** – collective-investment securities<sup>1</sup> shall mean shares, investment shares and participation certificates issued as immobilized securities or book-entry securities according to the Czech laws or similar collective-investment securities issued according to foreign laws which are issued by investment funds having their registered office in the Czech Republic or by foreign investment funds, i.e.:

i) collective-investment funds – investment funds defined in Section 93 of Act No. 240/2013 Sb. (Collection of Laws), on investment companies and investment funds, or a similar investment fund,

ii) qualified investors funds – investment funds defined in Section 95 of Act No. 240/2013 Sb. (Collection of Laws), on investment companies and investment funds, or a similar foreign investment fund,

c) **“Regulated Market of the Exchange”<sup>2</sup>** – shall mean the European regulated market operated by the Exchange, other than the Official Market of the Exchange,

d) **“admission”**- shall mean admission of a collective-investment security to trading on the Regulated Market according to these Rules,

e) **“issue”** - shall mean mutually interchangeable collective-investment securities with the same identification code assigned in accordance with the international numbering system for identification of securities and book-entry (dematerialized) securities (ISIN),

f) **“tranche”** – shall mean another issue of collective-investment securities fully interchangeable with those whose issue has been admitted to trading on the Regulated Market under the specific ISIN,

g) **“issuer”** – shall mean an entity which has issued or plans to issue collective-investment securities which are subject to the admission to the Regulated Market,

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<sup>1</sup> Section 3 (1) b) and Section 3 (3) of Act No. 256/2004 Sb. (Collection of Laws), on capital market undertakings, as amended.

<sup>2</sup> Section 55 of Act No. 256/2004 Sb. (Collection of Laws), on capital market undertakings, as amended.

(2) These Rules regulate:

- a) conditions for the admission of collective-investment securities to trading on the Regulated Market of the Exchange,
- b) obligations of the issuer of collective-investment securities,
- c) conditions for the exclusion of collective-investment securities from trading on the Regulated Market of the Exchange,
- d) conditions for the suspension of trading of collective-investment securities on the Regulated Market of the Exchange,
- e) imposition of penalties in the event of a failure to comply with the obligations on the Regulated Market of the Exchange.

(3) The Regulated Market of the Exchange is used for trading collective-investment securities which have been issued in accordance with generally binding regulations, have been paid up in full, are convertible without restrictions or, if they are not convertible without restrictions, for trading of these securities only if this restriction is not likely to disrupt the functioning of the market and if there are prerequisites for fair, proper and effective tradability<sup>3</sup>. It is not possible to admit to trading on the Regulated Market such collective-investment securities whose nature or the applicable laws and regulations disqualify them<sup>4</sup>. A collective-investment security admitted to trading on the Regulated Market is an investment instrument admitted to trading on the European regulated market.

(4) There is no legal entitlement to the admission.

## Article 2

### Application for the Admission

(1) It is necessary to submit an application and statute for the admission.

(2) The application for admission to the Exchange shall be filed by the issuer or a member of the Exchange with the issuer's consent. Even in situations where the application is filed by a member of the Exchange with the issuer's consent the issuer will be obliged to discharge the obligations specified in Article 7 of these Rules.

(3) In the case of application for admission of participation certificates or investment shares the application may be filed solely by a member of the Exchange and in accordance with the applicable laws and regulations.

(4) The application shall include:

a) Issuer information:

- i) Business name or commercial name, registered office, Company ID (IČO) or other identification number, website address, if any, LEI (Legal Entity Identifier) code,

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<sup>3</sup> Article 4 of the Commission Delegated Regulation (EU) 2017/576 of 8 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution

<sup>4</sup> For example, founders shares issued by a corporation with variable capital in accordance with Section 159 (2) of Act No. 240/2013 Sb. (Collection of Laws), on investment on investment companies and investment funds.

- ii) information whether the issuer is an investment fund with legal personality or a manager of a mutual fund or, in the case of foreign issuers, similar information on the issuer's status according to the laws in the country of the issuer's registered office,
- iii) if the collective investment securities represent a share on compartment of investment fund, the information related to this including the sufficient identification of this compartment,
- iv) Identification if the Issuer according to (Nomenclature générale des Activités économiques dans les Communautés Européennes),
- v) in the cases when the Issuer is supervised by a foreign authority responsible for the supervision of capital market, name and address of this relevant authority (hereinafter referred to as "supervisory authority of the home state"),
- vi) a statement that the issuer's legal status is in accordance with the laws of the country in which the issuer has its registered office and that the collective-investment securities comply with the requirements of the laws of the country according to which they have been issued,
- vii) information on the manager (Business name or commercial name, registered office, company ID (IČO)) if the investment fund has a manager.

b) Information on the collective-investment securities to be admitted:

- i) ISIN FISN<sup>5</sup>,
- ii) description of the collective-investment security (type, form, information on dematerialization or immobilization), date of issue,
- iii) quantity as of the date of the application,
- iv) information whether the collective-investment securities represent participation in an open-type or closed-type investment fund, whether it is a standard or special fund and alternatively the information whether the collective investment securities represent a share on compartment of investment fund,
- v) if it is not included in the prospectus of the security or another document submitted together with the application, information on the structure of owners of the issue in question and on how this structure can change after the admission,
- vi) information on other domestic or foreign regulated market on which the issue is traded or on which the application for admission to trading is filed, including the date of the admission if the issue has been or is to be admitted to trading on several regulated markets,
- vii) in cases where the applicable laws and regulations require the presence of the liquidity provider, specification of the liquidity provider on the issue in question, standard quantity in the listing, maximum permitted margin of the listing, and the minimum multiple of the standard quantity in the listing; liquidity provider shall mean a member of the Exchange who is authorized to carry out the activities of a liquidity provider (under an agreement with the Exchange) to ensure liquidity of trading,
- viii) in cases of collective investment securities issued by open-end investment funds where laws and regulations do not require the presence of the liquidity provider and the issuer does not intend to ensure its presence, information on the mechanisms of redemption of the collective-investment securities which are subject to the admission,

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<sup>5</sup> Financial Instrument Short Name fully compliant with the standard ISO 18774.

- ix) reference price<sup>6</sup>, representing the actual value of collective investment securities <sup>7</sup>,
- x) Identification of the investment instrument according to ISO 10962<sup>8</sup>.

(5) The following documents shall be attached to the application:

- a) power of attorney granted by the Issuer if the application for admission is filed on behalf of the Issuer by a member of the Exchange under a power of attorney (original or certified copy),
- b) articles or a similar document of the Issuer,
- c) statutes and key information statement or a similar document issued in accordance with the applicable laws and regulations of the country in which the issuer has its registered office, approved by the relevant supervisory authority,
- d) a prospectus of the security in the event that the Issuer is obliged to prepare it and publish it in connection with the admission of the collective-investment securities to trading on the Regulated Market,
- e) a document registration in the registry of investment instruments whose technical solution enables proper settlement of transactions with the collective-investment securities on the Regulated Market; such document must include information on the assignment of ISIN,
- f) in the case of immobilized collective certificates substituting the substitutable collective-investment securities or similar certificates issued according to foreign laws, a confirmation of the person authorized to keep the registry of the owners of the shares in this collective certificate proving the establishment of this registry of the owners of the shares in this collective certificate,
- g) a decision of the Czech National Bank (ČNB) approving the establishment of the investment fund or a document proving that a foreign investment fund was registered in the relevant list maintained by the Czech National Bank<sup>9</sup>, alternatively similar information related to compartment of investment fund,
- h) information on amount of fund capital of issuer and actual net assets value managed by the investment fund; in the cases when collective investment securities represents a share on compartment of investment fund also information on actual net assets value managed in this compartment,
- i) two originals of the General Agreement on Admission of Securities to Trading on the market of the Exchange signed by the Issuer,
- j) in the event that after the admission the collective-investment securities are to be offered publicly, also a statement of the Issuer that it complies with the applicable requirements for public offering specified in Section 300 at seq. of Act No. 240/2013 Sb. (Collection of Laws), on investment companies and investment funds, as amended.

(6) The application, including the annexes, shall be submitted to the Exchange in hardcopy and electronic form if the nature of the documents allows it. 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 the annexes, may also be submitted in English or Slovak.

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

<sup>7</sup> The value determined in compliance with the Article 193 of the Act No. 240/2013 Coll., (Collection of Laws), on investment companies and investment funds or in compliance with similar provision of relevant foreign law.

<sup>8</sup> International standard defining the classification of the types of securities and other financial instruments (so-called CFI codes).

<sup>9</sup> Section 325 of Act No. 240/2013 Sb. (Collection of Laws), on investment companies and investment funds.

## **Article 3**

### **Admission Decision**

(1) The collective investment securities issued by an investment fund or representing a share on compartment of investment fund are eligible to be admitted on the Regulated Market only when one of the following conditions is fulfilled:

a) market capitalization of the issue<sup>10</sup> amounts at least EUR 1 million as of the day of admission, or alternatively it is reasonable to expect that this amount will be reached in the 6 months following the day of admission,

b) assets amounting at least EUR 1 million are managed.

(2) The Chief Executive Officer shall decide on admission to trading on the Regulated Market within 10 business days of the date of receipt of the application.

(3) For the purpose of the decision, the Exchange may request missing or other additional information. Such request suspends the deadline specified in paragraph 1.

(4) The decision of the Chief Executive Officer shall be notified to the applicant in writing. The decision shall also specify the amount of fees for admission in accordance with the Tariff of Exchange Fees and the date of commencement of trading or the method of determining the same.

(5) The decision on admission shall become effective on the date of delivery. If the applicant fails to comply with the condition precedent or fails to pay the specified fees within the period specified in the decision, the decision shall be deemed invalid.

(6) If the admitted collective-investment securities or the issuer fail to meet the conditions laid down by generally binding regulations, these Rules, or there is a substantiated concern that the admission thereof to the Exchange would be inconsistent with the principle of protection of investors and other participants of the Exchange market or would jeopardize important public interests the application shall be rejected.

(7) The condition precedent of the decision according to paragraph 4 may consist in particular of actual issue of the collective-investment securities, submission of annexes according to Article 2 (5) f), or submission of additional documents. The specification of the condition precedent and the deadline by which the condition precedent must be met must be included in the decision on admission.

## **Article 4**

### **Statutes and Simplified Statutes**

(1) The statutes and the key information statement must be approved by the supervisory authority if required by the laws of the Issuer's home state.

(2) The requirements for the statutes and the key information statement of issuers having their registered office in the Czech Republic are laid down by a generally binding regulation<sup>11</sup>; in the case of foreign issuers these requirements are laid down by the national legislation of the Issuer.

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<sup>10</sup> Reference price or market price multiplied by the number of really issued collective investment securities.

## **Article 5**

### **Admission of a Tranche**

(1) Admission of individual tranches of an issue which has already been admitted to trading on the Regulated Market requires an application in the scope specified in Article 2 (4) a) paragraphs i), v), vi) and b) paragraphs i), ii) and iii) of these conditions. An increase of the number of collective-investment securities within the traded issue up to the volume which has been admitted by the decision of the Chief Executive Officer is subject to notification.

(2) The Issuer is obliged to submit to the Exchange a prospectus if required by a generally binding regulation.

## **Article 6**

### **Prospectus**

(1) Prior to the admission to trading on the Regulated Market the Issuer shall prepare a prospectus if required by the applicable laws and regulations. The 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 the Czech National Bank must be provided with a copy thereof in Czech or English and a copy of the summary of the prospectus in Czech together with certification of its preparation in compliance with the laws of the European Communities.

(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 in the manner according to paragraph 1, third sentence.

(3) The prospectus must be compiled in the language required by the applicable law<sup>12</sup> and published in accordance with this law no later than 1 day prior to the admission to trading.

(4) In the case of collective-investment securities which have already been admitted to trading on a different European regulated market, if the statutory requirements have been met, the applicant may publish instead of the prospectus a summary document in Czech language containing a summary of the prospectus and information on where the latest prospectus can be obtained and where the financial data published by the Issuer is available.

(5) The minimum requirements for the prospectus are defined by a generally binding regulation.

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<sup>11</sup> Commission Regulation (EU) No 583/2010 of 1 July 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.

<sup>12</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 7**

### **Issuer's Obligations**

(1) The Issuer of collective-investment securities admitted to trading on the Regulated Market is obliged to publish information in accordance with the applicable laws and regulations. At the same time, the Issuer is obliged to submit to the Exchange via Internet application [www1.pse.cz](http://www1.pse.cz):

- a) change of the statutes or key information statement without undue delay after approval by the supervisory authority of the home state, if such approval is required,
- b) annual report within 4 months of the end of each financial period; annual reports published in relation to investments funds or compartments of investment funds have to always contain financial statements drawn up in accordance with the international accounting standards regulated by the relevant EU laws and this applies also to the cases when such a requirement is not explicitly set by the relevant laws and regulations<sup>13</sup>,
- c) semi-annual report within 3 months following the end of the first 6 months of each financial period; 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),
- d) report of the statutory body of the Issuer within the period specified in Section 119a (2) of Act No. 256/2004 Sb. (Collection of Laws), on capital market undertakings,
- e) information on the net assets value published on regular basis<sup>14</sup> and also every time immediately after the new valuation of assets is made for any reason,
- f) without undue delay, any other information which the Issuer publishes according to the laws of the EU in the country in which it has its registered office and whose authority granted the license (e.g., information which may have significant impact on the value of collective-investment securities; information which may substantially impair the financial situation of the Issuer, etc.),
- g) without undue delay information on every fact significant for investor protection or proper functioning of the market,

(2) The Issuer is obliged to submit to the Exchange without undue delay any internal information<sup>15</sup> which pertains to it.

(3) The Exchange shall publish the information provided as a result of the discharge of the Issuer's obligation according to the paragraphs 1 and 2 of this Article.

(4) Issuer is also obliged to provide the Exchange with the information on distribution of the issue to public.

(5) If the collective-investment securities have been admitted to trading on multiple regulated markets the issuer shall publish on all these markets the same information in the same scope and at the same time.

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<sup>13</sup> This obligation does not apply to the cases when financial statements for a period when respective issue has been admitted to trading on the Regulated Market shall be published, if the duty to publish financial statement drawn up in accordance with the international accounting standards is not stipulated directly by relevant laws and regulations.

<sup>14</sup> In time intervals defined in the relevant documents of the investment fund, but the publication has to be made at least once per a year.

<sup>15</sup> Art. 7 of the Regulation (EU) No. 596/2014 on market abuse.



(6) The Issuer may also discharge the disclosure obligation only in English or Slovak. The Chief Executive Officer may define whether and which documents, data and information which the issuer will submit in English or Slovak must be subsequently submitted to the Exchange also in Czech.

(7) 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 8

### Suspension and Exclusion from Trading

(1) The Chief Executive Officer is authorized to decide to suspend or exclude the collective-investment securities from trading on the Regulated Market under the following conditions:

a) According to the relevant provisions of the Exchange Rules,

b) The Issuer has been dissolved or dissolved with liquidation, or a decision with the same or similar effect has been adopted,

c) The issuer or the issue have ceased to satisfy the conditions established by generally binding legislation and/or the Exchange Rules (e.g., in the event of revocation of the authorization to carry out the activities of a collective-investment fund, in cases when the conditions stated in the Article 3 (1) of these rules are not fulfilled and in other relevant cases; in such cases, the Exchange acts in compliance with the relevant laws, Exchange rules and also with relevant internal rules of the Exchange),

d) for other extraordinary reasons (e.g., a decision of the supervisory authority, execution of a special operation).

(2) The provision in subsection 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 collective-investment securities.

(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 of collective-investment 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 issues 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 assets, the Chief Executive Officer will suspend the trading of all the issuer's collective-investment securities on the Regulated market until such decision has been canceled, or until a different period of time has expired 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 collective-investment securities from trading on the Exchange. The Exchange will exclude the collective-investment securities from trading as of the effective date of the decision according to the previous paragraph.

(6) 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.

(7) Trading of the collective-investment securities will be terminated or suspended on the day established in the ruling on the exclusion or suspension of the collective-investment securities from trading.

(8) The decision on suspension or exclusion of the collective-investment securities from trading shall be published by the Exchange in accordance with the relevant laws and also in the Exchange Bulletin; at the same time, the decision and its written justification shall be sent in writing to the issuer. For the avoidance of doubt, publication or delivery of the decision to the issuer is not a prerequisite for the decision to come into effect.

(9) The decision on suspension or exclusion of collective investment securities from trading shall be based on the decision made by the Chief Executive Officer. A decision of this type may also be issued by a deputy Chief Executive Officer.

## **Article 9**

### **Removal from Trading**

(1) The Chief Executive Officer shall remove the collective-investment securities from trading upon request of the issuer and upon the issuer meeting the conditions laid down 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 to remove the securities from trading in accordance with generally binding legal regulations of the country in which the issuer has its registered office,
- b) 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 law firm proving that the decision has been adopted in accordance with the applicable laws).

(2) The trading in collective-investment securities will be terminated on the day established in the decision on removal of the collective-investment securities from trading (hereinafter "Termination Date"). The decision on the removal must indicate the Termination Date in accordance with the applicable legislation. For other cases, 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 Exchange shall publish the decision on the removal of collective-investment securities from trading in accordance with the relevant laws and also the Exchange Bulletin, at the same time, it shall inform the issuer in writing of this decision and its justification. For the avoidance of doubt, publication or delivery of the decision to the issuer is not a prerequisite for the decision to come into effect.

(4) The removal of the collective-investment securities from trading shall be based on the decision made by the Chief Executive Officer. A decision of this type may also be issued by a deputy Chief Executive Officer.

## Article 10

### Penalties upon the Issuer's Failure to Comply with its Obligations

(1) if the Issuer fails to comply with the conditions laid down by the Exchange Rules, the Chief Executive Officer may impose any of the following penalties, either on one-time basis or recurrently:

- a) A written reprimand,
- b) Public announcement of the fact that notification obligations have been breached (in the Exchange Bulletin, on the website of the Exchange, in printed media and/or using other vehicles),
- c) A fine in the amount of up to CZK 1,000,000.00:
  - i) for the first breach in the amount up to CZK 100,000,
  - ii) for the second breach in the amount up to CZK 300,000,
  - iii) for the third and every further breach in the amount of up to CZK 1,000,000,
- d) suspension and termination of trading of the shares for the period necessary to ensure remedy,
- e) removal of the collective-investment securities from trading.

(2) The penalties according to paragraph 1 have the nature of contractual fines as a tool ensuring compliance with the Issuer's obligations. The specific regulation of imposition of contractual fines shall be provided in the General Agreement on Admission of Collective-Investment Securities for Trading entered into by and between the Issuer and the Exchange prior to the admission of the collective-investment securities to trading.

Stricter measures will be imposed upon the issuer only if more moderate measures are not adequate to achieve the purpose. When imposing the measures, the Chief Executive Officer shall follow the principle of reasonability. The issuer shall comply with the penalties imposed according to the Exchange Rules.

(3) Multiple penalties specified in paragraph 1 may apply to a single breach.

(4) Imposing a penalty shall not affect the discharge of the Issuer's obligations set forth in the Exchange Rules.

(5) The penalties may be imposed within six months of the day on which the Chief Executive Officer learns about the facts relevant for the imposing thereof but no later than one year following the occurrence of such events.

## Article 11

### Procedure for Imposing Penalties

(1) Should the issuer fail to comply with its obligations and a penalty may be imposed upon the issuer the Exchange shall send a written notice to the Issuer's registered office or registered branch of the Issuer in the

Czech Republic, or at another address which the Issuer has conclusively specified as a contact address for communication with the Exchange.

(2) The written notice according to paragraph 1 shall include:

- a) specification of the reasons for which the penalty is imposed,
- b) penalties imposable upon the Issuer,
- c) a request asking the Issuer to ensure remedy, make a statement or provide all details relevant for the case concerned, including the date by which the issuer is to comply with the request.

(3) For the needs of the proceedings the relevant body of the Exchange is entitled to request information, documents or other materials from the Issuer that could help determine the true and complete state of affairs.

(4) The issuer is obliged to comply with the request contained in the notice.

(5) The decisions on imposed sanctions will be delivered to the Issuer's registered office or registered branch of the Issuer in the Czech Republic, or at another address which the Issuer has conclusively specified as a contact address for communication with the Exchange. The decision may include a decision on its publication in the Exchange Bulletin and on the website of the Exchange and, if applicable, include the due date for the maturity of the financial penalty.

(6) The decision on the application of a measure can be appealed within 15 calendar days of the delivery thereof to the issuer.

## **Article 12**

### **Liability**

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

## **Article 13**

### **Effectiveness**

This part of the Exchange Rules: "Conditions for Admission of Collective-Investment Securities to Trading on the Regulated Market of the Exchange" was approved by the 280<sup>th</sup> Exchange Chamber meeting on March 12<sup>th</sup>, 2020 and takes effect from March 18<sup>th</sup>, 2020.