

- (b) Bond Market.at
 - (i) Public Sector
 - (ii) Corporate Sector
 - (iii) Financial Sector
 - (iv) Performance Linked Bonds
- (c) Structured Products.at
 - (i) Certificates
 - (ii) Exchange Traded Funds (ETFs)
 - (iii) Warrants
- (d) Other Securities.at

3. THE REGULATORY AUTHORITY

The Austrian banking, insurance and securities market is regulated and supervised by the Austrian Financial Market Authority (FMA). The FMA is organized into various departments of which Department I (Banking Supervision), Department III (Securities Supervision), and Department IV (Integrated Supervision) are of importance to the Austrian securities market.

The FMA can be contacted at:

Financial Market Authority (FMA)

Otto-Wagner-Platz 5

A-1090 Vienna

Austria

Tel: +43 1 24959 0

Fax: +43 1 24959 5499

Email: <fma@fma.gv.at>

Website: <www.fma.gv.at>

4. PRINCIPAL LAWS REGULATING THE SECURITIES MARKETS

The securities market in Austria is regulated by the following Federal Acts:

- (a) the Austrian Stock Exchange Act (Boersegesetz – BoerseG);
- (b) the Austrian Act on Stock Corporations (Aktengesetz – AktG);
- (c) the Austrian Securities Supervision Act 2007 (*Wertpapieraufsichtsgesetz 2007 – WAG 2007*);
- (d) the Austrian Investment Fund Act 2011 (*Investmentfondsgesetz 2011 – InvFG*);
- (e) the Austrian Act on Real Estate Investment Funds (*Immobilien-Investmentfonds-gesetz-ImmInvFG*);
- (f) the Austrian Capital Market Act (*Kapitalmarktgesetz – KMG*);
- (g) the Austrian Act on Securities Deposits (*Depotgesetz – DepG*);

- (h) the Austrian Takeover Act (*Übernahmegesetz – UebG*);
- (i) the Austrian Alternative Investment Funds Act (*Alternative Investment Funds Act – AIFMG*); and
- (j) the respective regulations (*Verordnungen*) issued on the basis of these acts.

Several of these acts include definitions of securities or financial instruments whereas the Austrian Securities Supervision Act 2007 contains the most elaborate definitions of securities and financial instruments.

According to the Austrian Securities Supervision Act 2007, financial instruments include:

- (a) transferable securities;
- (b) money-market instruments, defined as instruments that are normally dealt with on the money-market, such as treasury bills, certificates of instruments of deposit and commercial papers but excluding instruments of payment;
- (c) units in domestic or collective investment undertakings, real estate investment funds, or in similar schemes combining assets with diversified risks;
- (d) options, futures, swaps, forward-rate agreements (FRAs) and all other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures that may be settled physically or in cash;
- (e) options, futures, swaps, FRAs and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event);
- (f) options, futures, swaps and any other derivatives contracts relating to commodities that can be physically settled provided that they are traded on a regulated market and/or a multilateral trading facility (MTF);
- (g) options, futures, swaps, forwards and any other derivatives contracts relating to commodities pursuant to Article 38 of Commission Regulation No. 1287/2006;
- (h) derivative instruments for the transfer of credit risk;
- (i) financial contracts for differences (CFD); and
- (j) options, futures, swaps, FRAs and all other derivatives contracts relating to climatic variables, freight rates, emission (issue) allowances or inflation rates or other official economic statistics, that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event), as well as any other derivative contracts pursuant to Article 39 of Commission Regulation No. 1287/2006.

'Transferable securities', as defined by the Austrian Securities Supervision Act 2007, are:

- (a) all classes of securities that are negotiable on the capital market, with the exception of investments of payments, in particular;
- (b) shares in companies and other securities equivalent to shares in domestic or foreign legal entities, partnerships and other entities as well as depositary receipts;
- (c) bonds or other forms of securitized debt, including certificates for such securities; and
- (d) any other securities giving the right to acquire or to sell such transferable securities or giving rise to cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices of (financial) measures.

The Austrian Act on Securities Deposits defines securities as:

- (a) shares;
- (b) participation-certificates;
- (c) convertible bonds;
- (d) participation bonds;
- (e) bonds;
- (f) mortgage bonds;
- (g) municipal bonds;
- (h) bank debentures;
- (i) medium term notes;
- (j) treasury bills;
- (k) investment certificates; and
- (l) any other securities provided that they are marketable as well as ancillary documents (interest-, profit-, earnings- and renewal coupons), with the exception of paper money.

5. PARTICIPANTS IN THE SECURITIES MARKETS: REQUIREMENTS FOR LICENSING

A person carrying out financial services may be subject to different licensing requirements under Austrian law.

'Classical' trading activities require a banking license under the Austrian Banking Act by the FMA. Such activities include:

- (a) Trading for one's own account or on behalf of others in:
 - (i) foreign means of payment (foreign exchange and foreign currency business);
 - (ii) money-market instruments;
 - (iii) financial futures contracts, including equivalent instruments settled in cash as well as call and put options on the instruments listed in (a)

- and (d) to (f), including equivalent instruments settled in cash (futures and options business);
- (iv) interest-rate futures contracts, forward-rate agreements, interest-rate and currency swaps as well as equity swaps;
- (v) transferable securities (securities business); or
- (vi) derivative instruments based on the instruments listed in (ii) to (v), unless these instruments are traded for private assets.
- (b) Trading in financial instruments pursuant to section 1 paragraph 1 no. 6 lit e to g and j of the Austrian Securities Supervision Act 2007, for the credit institution's own account or on behalf of others, except in the case of trading conducted by persons pursuant to section 2 paragraph 1 no. 11 and 13 of the Austrian Securities Supervision Act 2007.

On the other hand, according to the Austrian Securities Supervision Act 2007, the following services qualify as investment services and activities that require a license as an investment firm from the FMA:

- (a) investment advice in relation to financial instruments;
- (b) portfolio management on single client basis with a discretion in accordance of an authority by the client, in the case the portfolio contains one or more financial instruments;
- (c) reception and transmission of orders in relation to one or more financial instruments; and
- (d) the operation of a Multilateral Trading Facility (MTF).

It is worth noting that credit institutions are entitled to perform the investment services with the exemption of the operation of a MTF.

As Austria is a member of the European Economic Area (EEA), properly licensed banks or investment firms outside Austria and in the EEA may also perform their services in Austria if the existing home Member State license is 'passport' into Austria. Foreign entities located outside the EEA, however, require a full license from the FMA in order to perform the above-mentioned banking or investment services activities.

A membership with the VSE is required in order to participate in trading on the VSE in the derivatives and cash markets. Membership is open to the following institutions:

- (a) credit institutions from EEA Member States or domiciled in third countries;
- (b) investment firms from EEA Member States and recognized investment firms domiciled in third countries; or
- (c) local firms from EEA Member States and enterprises domiciled in third countries.

Membership in a securities exchange in accordance with the Austrian Stock Exchange Act is only possible if the applicant's technical facilities for participating in the trading

and settlement system ensure that it will not hinder undisturbed trading and/or settlement on the respective market.

Furthermore, membership in a commodity exchange is restricted to:

- (a) persons that are professionally engaged in the production, sale or processing of goods that are admitted to and tradable on the exchange;
- (b) persons that use goods admitted to and tradable on the exchange in their enterprise; or
- (c) persons that are engaged in auxiliary business dealings connected to the goods admitted to and tradable on an exchange.

Upon being accepted, members of a commodity exchange must either appoint themselves, a member of the management or an employee of the company as dealer to the exchange.

6. PROCEDURES AND METHODS FOR AN APPLICATION FOR LISTING

An application for membership to the VSE can be submitted for participation in:

- (a) trading in securities (trading in securities with the exception of warrants or trading in warrants);
- (b) trading in options and financial futures contracts;
- (c) the settlement system for securities transactions concluded through the exchange; or
- (d) the settlement system for trades in options and financial futures contracts concluded through the exchange.

Furthermore, there are various types of memberships in the VSE:

- (a) Direct Clearing Member (DCM): DCMs are authorized to settle transactions for their own account and for customers.
- (b) Non-clearing Member (NCM): NCMs have access to the trading system, but are not admitted as clearing members. Trades are settled through a General Clearing Member (GCM).
- (c) General Clearing Member (GCM): GCMs are authorized to settle transactions for their own account and for customers as well as the transactions of other members (NCM) under the condition that a clearing agreement with such members has been concluded.
- (d) Clearing Agent: A Clearing Agent acts as a technical assistant for the settlement of securities trades for DCMs for the account of the DCM. The clearing member has to guarantee the fulfilment of customers' trades, but only if said clearing member has been put into a position to meet its obligations by the customer.

According to the Austrian Stock Exchange Act, membership in a securities exchange also entitles the member to take part in trading on one or more regulated markets and MTFs operated by the exchange operating company, and in trading in foreign means of payment, coins and precious metals, as well as to participate in settlement and clearing.

7. PROCEDURES AND METHODS FOR AN APPLICATION FOR LISTING: FOREIGN ISSUERS

A foreign issuer wishing to engage in trading on the VSE has to file an application with the VSE to become a member of the VSE.

This application must include a confirmation stating that the applicant is duly licensed to provide investment services in its home Member State, that the applicant has been admitted as a member to a regulated market in its home Member State and that it is being supervised by the respective Member State authority.

Upon application to the VSE, the applicant will have to complete and sign a number of documents and underlying contracts, for instance, regarding its technical facilities, etc.

8. LISTING REQUIREMENTS

The Austrian Stock Exchange Act contains various prerequisites that must be met by any potential member of an exchange. Probably the most important requirement to be met is that the financial instruments can be traded in a fair, orderly and efficient manner and, in the case of transferable securities, are freely tradable. This requirement is met if the transferable securities can be traded between the parties to a transaction, and subsequently transferred without restriction, and if all securities within the same class as the security in question are fungible. Furthermore, there must be no restriction with regard to free trade. A transferable security that is officially listed in accordance with Directive 2001/34/EC, and the listing of which is not suspended, shall be deemed to be freely tradable and capable of being traded in a fair, orderly and efficient manner.

Additionally, there are further requirements set forth by the Austrian Stock Exchange Act for listing on the Official Market (Amtlicher Handel) or the Second Regulated Market (Geregelter Freiverkehr).

8.1. Official Market Requirements

Participating in the Official Market requires admission by the VSE. Among others, the following requirements have to be met:

- (a) The establishment and the by-laws or articles of association of the issuer must comply with the law of the country in which the issuer has its registered office.

- (b) The total nominal value of the securities for which admission to listing is being requested shall be in regard of shares at least EUR 2.9 million and for other securities, at least EUR 725,000. In the case of securities that are not denominated in a monetary amount, the issuer shall confirm that the probable price will be at least EUR 725,000; the total number of share certificates of such securities must be at least 20,000. In case of non-voting preferred shares issued by Austrian joint-stock corporations whose ordinary shares are not admitted to listing on the Official Market, the nominal value of the preferred shares must be EUR 1 million. This requirement does not apply in case of (i) enlargement of the admission to listing to other securities of the same category, and (ii) the admission of debt securities that are issued continuously without any restriction regarding a subscription period or a certain maximum amount.
- (c) In case of an initial admission to the listing of shares, the stock corporation must have existed for at least three years and the financial statements for the three full financial years preceding the application must have been published in accordance with applicable law; an exception to the requirement of three years of existence may be granted if the admission to listing is in the interest of the issuer and of the public, and the applicant makes available to the public documents that contain information equivalent to that of the financial statements of the past three years so that the public may be able to assess the economic and legal situation of the issuer. However, the stock corporation must have published the financial statements for one full financial year.
- (d) The issuer must have complied with the provisions of the federal acts and laws of the provincial governments applicable to the issue of the securities as well as with the decrees and official notices based on such legislation; this shall apply to the foreign legislation of the country in which the securities have been issued *mutatis mutandis*. If the securities need to be registered in a public register, this registration must have been completed.
- (e) The denomination of the securities, especially the smallest denominations and the number of securities issued in this denomination, must meet the needs of exchange trading and the investing public.
- (f) The application for admission to listing must refer to all shares already issued of the same category or to all securities of the same issue; however, shares that cannot be traded for a certain period of time due to applicable legislation may be exempt from the admission, if such exemption would not entail disadvantages for the bearers of the admitted shares and this exemption is pointed out in the listing prospectus of the official notice promulgating the admission to listing.
- (g) The securities must have the appropriate free float among the public or, if this free float is to be achieved through the initial listing, the adequate number of securities must be made available for exchange trading. In the case of shares, the adequate free float shall be assumed if at least a nominal value of EUR 725,000 are owned by the public, and in the case of no-par value shares, at least 10,000 shares are owned by the public or have been offered to the public

- for purchase. This requirement does not apply in case of (i) admission to listing of shares that have already been admitted to official listing on one or several other foreign exchanges and for which a sufficient free float is given outside the country, and (ii) enlargement of the admission to listing to other securities of the same category.
- (h) In the case of securities that grant holders the right to convert or subscribe to other securities whose minimum denomination is less than EUR 50,000, the securities to which the right of conversion or subscription refers must be admitted to listing on the exchange at the same time or earlier; this requirement may be waived if the issuer furnishes proof that the bearers of the securities granting them the right to conversion or subscription with a minimum denomination of less than EUR 50,000 have all the necessary information at their disposal to reach an informed judgment of the value of the securities to which the right of conversion or subscription refers; this shall be assumed, above all, if the securities to which the right to conversion or subscription refers are officially listed on an internationally recognized securities exchange and the prospectus for the admission to listing of such securities meets the requirements of section 7 of the Austrian Capital Market Act.

Certificates that represent shares may be admitted to listing if:

- (a) the issuer of the shares represented meets the requirements pursuant to (a) to (c) above;
- (b) the certificates meet the requirements pursuant to (d) to (h) above; and
- (c) the issuer of the certificates guarantees the fulfilment of its obligations vis-à-vis the bearers of the certificates.

Non-dividend bearing securities issued within the scope of an issuing program admitted to listing on the Official Market within twelve months as of the publication of the prospectus shall not require a separate admission procedure. Official listing shall be granted if the conditions of (b) and (d) through (h) above are met, and after the applicant has handed over the terms of issue to the exchange operating company.

8.2. Second Regulated Market Requirements

The conditions for the admission of securities to listing on the Second Regulated Market are:

- (a) The establishment of the issuer's company and the articles of association or the partnership agreement of the issuer must comply with the laws of the country in which the issuer has its registered office.
- (b) The securities to be listed must have at least a total nominal value of EUR 725,000. In case of admission of no-par value securities, the issuer shall

certify that the market value is expected to be at least EUR 362,500; the total number of such securities must be at least 10,000.

- (c) A stock corporation whose shares are being admitted for the first time must have existed for a period of at least one year and have published financial statements in accordance with applicable regulations for the complete financial year preceding the application.
- (d) Listed companies must comply with applicable federal and provincial securities laws and decrees and official notices issued under such law; this shall also apply mutatis mutandis to the foreign laws of the state in which the securities have been issued. If it is mandatory that the issue of the securities be registered in a public register, compliance with this rule is mandatory.
- (e) Shares and other equity securities shall have an adequate amount of free float. If this is to be achieved by the introduction to the exchange, the necessary amount for trading on the exchange shall be provided. In the case of shares, an adequate distribution is reached if there is at least EUR 181,250 in nominal share capital, and in the case of no-par shares, at least 2,500 are in the possession of the public or are offered to the public for sale.
- (f) The denominations of the share and other equity securities shall meet trading requirements.
- (g) The application for admission shall be made for all shares already issued of the same kind or for all securities of the same offering; however, shares may be excluded from admission if they may not be traded for a certain period of time for legal reasons under two conditions: this exception does not prejudice the bearers of the shares to be admitted, and the prospectus or the decree announcing the admission mentions this exception.
- (h) In the case of securities that give the bearer conversion rights or subscription rights to other securities and whose minimum denomination is less than EUR 50,000, these underlying securities shall be admitted at the latest simultaneously with the other securities to the exchange; exceptions may be made to this requirement if the issuer furnishes proof that the owners of the securities with conversion rights or subscription rights have all the necessary information at their disposal in order to make a judgment on the value of the underlying securities; this is to be assumed especially if the underlying securities are officially listed on a recognized exchange pursuant to section 2 no. 32 of the Austrian Banking Act and the prospectus for the admission of securities with conversion or subscription rights contains the necessary information.

Certificates that represent securities may be admitted if:

- (a) the issuer of the securities represented fulfils the requirements in accordance with (a) to (c) above;
- (b) the certificates fulfil the requirements in accordance with (d) to (h) above; and
- (c) the issuer of the certificates guarantees the fulfilment of its obligations towards the bearers of these certificates.

Non-dividend securities issued within the scope of an issuing program admitted to listing on the Second Regulated Market within twelve months of the publication of the prospectus shall not require a separate admission procedure.

8.3. Prime and Mid-markets: Additional Requirements

Issuers wishing to be listed on the Prime Market or Mid Market segment of the VSE need to fulfil further criteria. For instance, if the security is or will be admitted to the Official Market or Second Regulated Market, the issuer must agree to refrain from de-listing the security from the Second Regulated Market pursuant to section 83 paragraph 4 of the Austrian Stock Exchange Act for the duration of participation of the securities on the Prime Market segment. Furthermore, for the entire duration of the securities' participation on the Prime Market segment, the issuer must take part in the XETRA Trading System.

Only common stocks and certificates that represent stocks and give the holders the same rights as common stocks are permitted to be listed on the Prime Market segment.

As regards minimum free float requirements, the Prime Market Rules provide for a minimum of 25% of the common stocks to be held in free float, whereas the capitalization of the free float must at least be EUR 15 million. If the free float drops below this 25% minimum, the free float requirement shall still be deemed fulfilled if the capitalization of the free float exceeds EUR 30 million.

Additionally, any participant of the Prime Market segment must commit itself and disclose said commitment to comply with the Austrian Code of Corporate Governance. In case of an issuer domiciled in an EEA Member State, the criteria of commitment with regard to the Austrian Code of Corporate Governance is fulfilled if the issuer submits a declaration of commitment in compliance with a Code of Corporate Governance recognized in the respective Member State.

Participation in the Mid Market of the VSE requires compliance with the Market Rules of the VSE, which provide for less stringent requirements than the Prime Market Rules. For further details and to obtain both the Rules, please contact the VSE.

9. CONTINUING REQUIREMENTS FOR LISTED COMPANIES

Continuing requirements are set forth by the Austrian Stock Exchange Act, implementing Directive 2004/109/EC (Transparency Directive) into Austrian law, and in the rules of the VSE.

Ongoing reporting requirements can be separated into different groups of reporting obligations.

9.1. Regular Publicity (*Regelpublizität*)

In case securities are traded on a regulated market, all investors or shareholders have to be treated equally by any issuer, thereby committing the issuer to publish certain

data and information on a regular or periodic basis. This obligation includes informing the public of any changes in the rights connected to the securities, etc.

Furthermore, any listed company has to prepare and publish yearly financial statements and interim reports. Depending on which market segment of the VSE the securities are traded, this periodic financial information must also be submitted to the FMA and the VSE.

Additionally, the VSE provides for more extensive regular publicity obligations through its 'Prime Market Rules' and 'Mid Market Rules' (as briefly mentioned above). The Prime Market Rules are applicable to all companies/issuers which are listed on the Prime Market segment of the VSE.

Any issuer admitted to the Prime Market segment of the VSE must issue interim reports covering the first three, six, and nine months of the business year. The report on the fourth quarter is replaced by the annual financial reports. Upon request, an issuer domiciled in another EU Member State may prepare the interim reports in full or in part only in English. Furthermore, the reports must be published by the issuer immediately, at the latest within two months after the end of the reporting period. At the same time, the reports must also be provided to the VSE and be published on the issuer's website.

If interim reports are prepared by companies registered with the US Securities and Exchange Commission (SEC) and in accordance with 10Q-Form of the SEC, such reports will be accepted by the VSE.

In addition to the interim reports, annual financial statements in accordance with the International Financial Reporting Standards (IFRS) must be prepared in English and German and published accordingly.

An issuer wishing to participate in the Mid Market segment of the VSE must only comply with the less stringent 'Mid Market Rules', which can be obtained from VSE's website. They provide for similar provisions, but the interim report must only cover the first six months of the business year.

9.2. Ad Hoc Publicity (*Ad-Hoc-Publizität*)

An issuer must also make available to the public any price-sensitive information in relation to it or the securities traded on a regulated market.

9.2.1. Insider Information

Issuers of financial instruments having price-sensitive inside information relating directly to them shall make such information immediately available to the public. The issuer shall disseminate the occurrence of the series of circumstances or events - irrespective of whether formally ascertained - immediately. Any major changes with respect to inside information that has already been disclosed shall be disseminated immediately after any such change takes place. The announcement shall be disseminated through the same channels as the original information. The dissemination of inside information to the public shall be executed at the same time for all categories of

investors in the Member States in which the issuer has submitted its financial instruments for an application for admission to trading on a regulated market or in which admission has already been granted. Issuers shall make available any inside information, which they are under the obligation to disseminate, to the public on their website for an adequate period of time.

In addition, issuers listed on the regulated official market of the VSE have to inform the VSE of any changes or modifications of their by-laws or articles of association.

9.3. Changes in Shareholding (*Beteiligungspublizität*)

In cases where shares of an issuer are bought or sold, those persons buying or selling have to inform the issuer, the VSE as well as the FMA thereof within two trading days, if due to this transaction, the voting rights of this particular shareholder reach, exceed or fall below 4, 5, 10, 15, 20, 25, 30, 35, 40, 45, 50, 75 or 90% of the voting rights.

10. CIVIL AND CRIMINAL LIABILITY FOR SECURITIES LAW BREACHES

10.1. Austrian Banking Act/Austrian Securities Supervision Act

Parties who conduct banking or investment service activities without the required authorization are subject to administrative fines of up to EUR 100,000 unless such activities constitute a criminal offence falling under the jurisdiction of the courts. Parties who conduct banking activities pursuant to Article 4 paragraph 1 subparagraph 1 of Regulation (EC) No. 575/2013 (taking deposits or other repayable funds from the public and granting credits) are subject to administrative fines of even up to EUR 5 million or double the amount of the economic benefit resulting from the infringement unless such activities constitute a criminal offence falling under the jurisdiction of the courts. Additionally, monetary compensation, commissions or fees paid for banking services carried out without being duly licensed may be unenforceable.

In cases involving the provision of banking or investment service activities without a license, and where there are also elements of a crime involved - such as fraud, embezzlement, etc. - the provisions of the Austrian Banking Act or the Austrian Securities Supervision Act respectively will not apply, but the administrative fine will be merged with the threat of punishment of the respective criminal offence.

10.2. Austrian Stock Exchange Act

Breaches against the obligations as set forth in the Austrian Stock Exchange Act are subject to administrative fines of EUR 20,000 to EUR 150,000. Market manipulation is punishable by the FMA by a fine of up to EUR 150,000. Ultimately, a member of a stock exchange may also be suspended from trading.

Misuse of insider information with the intention to enrich oneself or a third party is deemed a criminal offence punishable with up to three years' imprisonment or, in case the enrichment exceeds EUR 50,000, with a minimum sentence of six months up to five years.

Even if a person, who is not an insider within the meaning of the Austrian Stock Exchange Act, misuses insider information brought to his/her attention, the person may be punished with up to one year imprisonment or, in case the enrichment exceeds EUR 50,000, with up to three years' imprisonment.

Finally, a person (be he/she an insider or not) misusing insider information negligently (i.e. the person was not aware that the information was insider information) can be punished with up to six months' imprisonment or a monetary fine.

10.3. Austrian Stock Corporation Act

Breaches by the management to disclose all relevant circumstances with regard to the respective joint-stock corporation in the annual financial statements, reports, ad hoc information, etc., are deemed a criminal offence punishable by up to one-year imprisonment and/or a monetary fine.

10.4. Liability for the Prospectus

In general, any issuer, any prospectus-reviewing entity, any placement officer and any auditor are responsible and liable for breaches of their respective duties and obligations with regard to the preparation and/or review of the prospectus. This liability may not be waived or contracted out of in advance. In case the breach was committed due to negligence, the liability towards each investor is limited to the price paid by the investor plus provisions and interest.

Furthermore, offering securities or investments without prior publication of a prospectus (in case none of the exceptions is available) or making available false or misleading information and/or the omission of facts in a prospectus is deemed a criminal offence punishable by up to two years' imprisonment or a monetary fine.

The Austrian Capital Market Acts also provides that certain other breaches are administrative offences punishable by administrative fines up to EUR 50,000.

10.5. Sanctions by the VSE

In the Prime Market Rules and the Mid Market Rules, the VSE provides for contractual penalties if the rules and the obligations contained therein are breached. In case of continuing breaches of the rules, the VSE may terminate the contractual relationship with the issuer.

11. OFFERING SECURITIES: DISTINCTION BETWEEN PUBLIC AND PRIVATE OFFERS

Austrian law distinguishes between a public offer and a private placement of securities and investments.

With reference to the explanations under section 16 below, an offer addressed to fewer than 150 natural or legal persons per EEA Member State that are not qualified investors qualifies as an exception to the general rule that a public offer is permissible within Austria only if a prospectus has been drawn up in conformity with the provisions of the Austrian Capital Market Act and has been published at least one day in advance of the commencement of the offer.

If the offer is addressed to more than one hundred and forty-four natural or legal persons that are not qualified investors, the offer is deemed to be public; however, the offeror may prove differently. Thus, in general, if the offeror previously selects the target audience for an offer and if the offer is not addressed to more than one hundred and forty-four people, such an offer will be considered as a private placement, thereby not being subject to the prospectus provisions of the Austrian Capital Market Act.

12. OFFERING SECURITIES: PROSPECTUS/DISCLOSURE REQUIREMENTS

The public offering of securities or investments (as described above under section 4) is permissible within Austria only on the condition that a prospectus containing disclosure information on the issuer and the securities has been drawn up in conformity with the provisions of the Austrian Capital Market Act and published at least one day in advance of the offer.

'Transferable securities', as defined by the Austrian Capital Market Act, means transferable securities within the meaning of Article 4 paragraph 1 no. 18 of the MiFID, with the exception of money-market instruments within the meaning of Article 4 paragraph 1 no. 19 of the MiFID, with a maturity shorter than twelve months. Those include:

- (a) shares in joint-stock corporations and other securities equivalent to shares in joint-stock corporations, partnerships or other entities, and depositary receipts in respect of shares;
- (b) bonds or other forms of securitized debt, including depositary receipts in respect of such securities; and
- (c) any other securities giving the right to acquire or sell any such transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures.

13. QUASI SECURITIES: OFFER OF OPTIONS, COLLECTIVE (MANAGED) INVESTMENTS AND DERIVATIVES

The Austrian Capital Market Act is also applicable to the issue of investments of property rights for which no securities are issued. These arise out of direct or indirect investments of capital of several investors for their collective account and collective risk, or for the collective account or risk together with the issuer if the administration of the capital invested is not overseen by the investor him/herself. Investments within this meaning are all transferable, securitized rights that are not mentioned in Article 4 paragraph 1 no. 18 of the MiFID; money-market instruments with maturities shorter than twelve months are not subject to the obligation to publish a listing prospectus.

As regards investment funds, also in accordance with the Austrian Investment Fund Act 2011, the offer of shares in an investment fund is subject to the prior publication of a prospectus, which contents are provided for in Schedule A of its Annex 1.

14. PROSPECTUSES: FORM AND CONTENT

A prospectus, in accordance with the Austrian Capital Market Act, must contain information concerning the issuer and the securities to be offered to the public or to be admitted to trading on a regulated market. It shall also include a summary. The summary shall, in a brief manner and in non-technical language, convey the essential characteristics and risks associated with the issuer, any guarantor and the securities, in the language in which the prospectus was originally drawn up. If the prospectus relates to the admission to trading of non-equity securities having a denomination of at least EUR 100,000, there shall be no requirement to provide a summary.

The prospectus may be drawn up either as single or separate documents. A prospectus composed of separate documents shall divide the required information into a registration document, a securities note and a summary note. The registration document must contain the information relating to the issuer such as its financial data, the names of the persons liable under Austrian law for the information contained in the prospectus, etc. The securities note shall contain the information concerning the securities offered to the public or to be admitted to trading on a regulated market. This information includes, amongst others, the general terms and conditions, listing information, tax information, interest-rate, redemption, etc.

In case of the offer of non-equity securities (including warrants in any form issued under an offering program) or non-equity securities issued in a continuous or repeated manner by credit institutions (where the sums deriving from the issue of said securities, under national legislation, are placed in assets that provide sufficient coverage for the liability deriving from securities until their maturity date, and where, in the event of the insolvency of the concerned credit institution, said sums are intended, as a priority, to repay the principal and accrued interest falling due), the offeror may draw up a base prospectus. Such base prospectus allows the issuer more flexibility as he may issue various tranches of non-equity securities, etc. under one

program described within said base prospectus. The final terms may later, before actual issuance of the bonds or investments, etc., be published in a supplement to the base prospectus.

Further, the content of the prospectus is governed in detail by Commission Regulation 809/2004 and its later amendments, the most current being Commission Delegated Regulation (EU) No 862/2012 of 4 June 2012.

Any advertisement with regard to a specific security must contain a reference to the respective prospectus and must also be in accordance therewith, i.e., may not contain any information capable of misleading the public with respect to the terms, conditions or other aspects relating to the security or the issuer.

15. PROSPECTUSES: FILING AND CURRENCY REQUIREMENTS

A prospectus prepared in accordance with the rules of the Austrian Capital Market Act has to be filed with and approved by the FMA. If the prospectus fulfils the requirements of being complete, coherent, comprehensible and complying with any other conditions prescribed by the Austrian Capital Market Act, the FMA has to approve the prospectus within a period of ten banking days. In case the securities are to be listed on a regulated market for the first time, this time period will be extended to twenty banking days.

In case the FMA declines approval of the prospectus and requests modifications, changes or amendments thereof, the time period will start once again upon receipt of the modified prospectus.

Upon approval by the FMA, the issuer or the person publicly offering the securities or investments must make available the prospectus to the public and deposit it with the registration office (Meldestelle) of OeKB (Oesterreichische Kontrollbank Aktiengesellschaft).

In general, the requirement to prepare and publish a prospectus will also apply for foreign issuers. Nevertheless, in case a prospectus has been prepared in another EEA Member State, in accordance with the requirements as laid out in Directive 2003/71/EC (Prospectus Directive), such prospectus may also be used in Austria and is deemed to be approved. If the securities are to be listed on the VSE, the issuer must provide the VSE with the approved prospectus.

In addition to the obligation to prepare and publish a prospectus, any issuer of an initial offering of securities and investments, be it a public offer or a private placement, must provide information on the 'issue calendar' (Emissionskalender), maintained by the registration office of OeKB, about certain details of the planned issuance, such as the estimated date of the issuance, the volume, the denomination, the duration, etc.

The Austrian Capital Market does not provide for any currency requirements.

16. OFFERING SECURITIES: EXEMPTIONS AVAILABLE

There are various exceptions to the general requirement to draw up and publish a prospectus in accordance with the Austrian Capital Market Act. The most important of which are:

The AE transactions take place during its regular session, with or without the participation of a member (in-market or off-market transaction). Furthermore, transactions may be concluded without participating in the session (transaction by counterbalancing entry). The AE also offers over-the-counter financial services (OTC transactions).

2. THE LISTING/MARKET AUTHORITY

HELEX and its subsidiaries operate the AE, the clearing and settlement of AE transactions, and manage the Dematerialized Securities System (DSS). The DSS contains all of the AE's dematerialized securities. Sales and purchases of securities are 'screened and monitored' via the Investors Shares and Securities Accounts kept in the DSS.

HELEX can be contacted at:

Hellenic Exchanges Group

Athinon Avenue 110

Athens, Greece

Tel: + 302103366800 (General HELEX enquiries)

Website: <http://www.helex.gr>

3. THE REGULATORY AUTHORITY

Apart from HELEX, which regulates the comprehensive operation of the Greek capital market, the Hellenic Capital Market Committee (HCMC) is also responsible for the supervision and enforcement of the capital market legislation. The HCMC submits reports to the President of the Parliament and to the Minister of Finance regarding the operation of the capital market.

4. PRINCIPAL LAWS REGULATING THE SECURITIES MARKET

The securities market in Greece is principally regulated by:

- (a) Regulations of AE, as amended from time to time. Currently in force is the 10th amendment of 7.11.2013;
- (b) Regulation of Clearing and Settlement of Securities, as currently in force;
- (c) Regulation of DSS, as currently in force;
- (d) Regulation of Clearing of Derivatives, as currently in force;
- (e) The Law 3606/2007 on 'Markets in Financial Instruments and Other Provisions', published in the Official Gazette A' 195/17.8.2007, which implements the MiFID Directive;
- (f) The Law 3556/2007 on 'Transparency Requirements in Relation to Information about Issuers Whose Securities Are admitted to Trading on a Regulated Market' (the Transparency Law), published in the Official Gazette A'

91/30.4.2007, which implements Directive 2004/109 EC (the Prospectus Directive) and imposes disclosure obligations for the issuers and the shareholders whose securities have voting rights when specific thresholds are met. The Transparency Law also governs the periodic and continuing obligations of the listed companies towards the public. HCMC Decision No. 1/434/3.7.2007 and HCMC Circular No. 33/3.7.2007 provide further details and specifications in relation to the Transparency Law;

- (g) The Law 3340/2005 on 'Protection of the Capital Market by Acts of Persons Who Hold Inside Information and by Acts of Market Manipulation' (the Market Manipulation Law), published in the Official Gazette A' 112/10.5.2005, which implements Directive 2003/6 EC and contains issues regarding the possession and use of inside information and market manipulation. HCMC Decision No. 3/347/12.7.2005 and HCMC Circular No. 30/17.3.2006 provide further details and specifications in relation to the aforementioned law;
- (h) The Law 3371/2005 on 'Capital Markets Issues and Other Regulations' (the Listing Requirements Law), published in Official Gazette A' 178/14.7.2005, which imposes, among others, listing requirements, obligations of the listed companies towards the HCMC and towards the public;
- (i) The Law 3461/2005 on 'Public Takeover Bids' (the Public Takeover Bids Law), as currently in force, published in the Official Gazette A' 106/30.5.2006, which implements Directive 2004/25 EC; and
- (j) The Law 3016/2002 on 'Corporate Governance, Board Remuneration and Other Issues', (the Corporate Governance Law) as currently in force, published in the Official Gazette A' 110/17.5.2002. This law refers to the composition of the Board of Directors and its duties, the internal regulation and the organization of the internal control of the listed companies.

5. PARTICIPANTS IN THE SECURITIES MARKET: REQUIREMENTS FOR LICENSING

A person who carries on a financial services business in Greece, i.e., execution of orders on behalf of clients for purchasing and buying securities, execution of orders on behalf of clients for purchasing and buying derivatives, investment consulting, portfolio management consulting, etc., must hold a relevant license.

Also, personnel who work and carry out the above-mentioned financial services in investment firms, mutual funds, portfolio management companies, etc. are required to hold a relevant license. Licenses are issued by the HCMC.

6. PROCEDURES AND METHODS FOR AN APPLICATION FOR LISTING

An entity may apply to be listed on only one of AE's markets (see section 8 for more detail), i.e.:

- (a) Securities Market;
- (b) Derivatives Market; and
- (c) EN.A Market.

The entity must file a relevant application for listing on the AE and fulfil all of the listing requirements (see section 8), submit a prospectus to the HCMC pertaining to all the information needed to comply with the applicable admission criteria (see section 14), and pay the initial listing fees.

The EN.A market has its own regulation, which is more flexible in several matters (listing requirements, capital requirements, disclosure requirements, etc.). Therefore, Regulation of the AE does not apply to the EN.A market. It is also questionable if the principal laws regulating the securities market (as described in section 4 above) apply to the EN.A.

7. PROCEDURES AND METHODS FOR AN APPLICATION FOR LISTING: FOREIGN ISSUERS

Listing of foreign entities on the AE is possible and, in principle, these entities fall under the same restrictions and have the same rights and obligations as Greek companies. A significant role is reserved to the legislation of the state of 'origin' of the foreign entity.

The applicant foreign company should indicate in its application whether it has already filed an application with the Stock Exchange of another EU Member State or intends to do so in the near future. In such cases, authorities of the EU Member States shall cooperate. For instance, if the prospectus of the entity having its seat in one of the EU Member States has already been approved by the competent authority abroad, HCMC shall also in principle accept that approval for its own purposes.

In general, the authorities of both countries must exchange any information necessary for the acceleration of the admission procedure. Nevertheless, AE is often cautious in disclosing information concerning the applicant entity, since such information is protected by the principle of confidentiality.

Under the Listing Requirements Law, issuers that have their legal seat in a EU country or any other country can become listed on the AE if:

- (a) the securities of the entity that will become listed on the AE are dematerialized under Greek law; or
- (b) the securities of the entity that will become listed on the AE are dematerialized under the entity's national law and registered on a relevant registry (see also section 8 below).

8. LISTING REQUIREMENTS

For an AE listing, the entity must:

- (a) have the legal form of a company limited by shares (*société anonyme, anonymi etaireia*);

- (b) have a minimum equity of EUR 3,000,000;
- (c) have published or submitted for publishing its audited annual financial statements for (at least) the three last years prior to its application for listing on the AE;
- (d) have its last balance sheet showing satisfactory operating results and assets. The AE Exchange Regulation indicates that applicant's financial statements must be free of remarks that may have a negative effect on company's real financial status. However, HCMC, following an opinion of the AE's Board of Directors, may exceptionally permit to an entity to become listed, even if it has been operating for less than three years. Such exception is possible if the listing is considered to be in favour of the applicant entity or the investors and sufficient information has been given to them;
- (e) have undergone a thorough tax audit covering all financial years prior to the filling of the application. If the applicant entity is subject to consolidated financial statements, tax audit covers all integrated companies. If the entity subject to tax audit has its headquarters abroad, tax audits must be performed by an international accounting firm;
- (f) submit a prospectus and be approved by the HCMC (see sections 12 to 17);
- (g) have an internal regulation;
- (h) comply with the Corporate Governance Law;
- (i) have profits before taxes amounting to EUR 2,000,000 or EBITDA amounting to EUR 3,000,000 for a three-year period before filing the application; and
- (j) have shares sufficiently distributed to the public. A distribution is considered to be sufficient if at least 25% of the shares to become listed are distributed to the public.

In any case, sufficient distribution is accomplished if the shares to become listed are owned by at least 300 persons, among which none holds more than five per cent of the totality of the shares proposed for listing. Shares may become exceptionally listed on the AE even without the required distribution if at least five per cent of the totality of the shares to become listed are distributed. The following persons are exempted from the calculation of a sufficient distribution:

- Members of the board of directors of the applicant entity;
- Managers and personnel of the applicant entity;
- Relatives of first degree of kinship of major shareholders and managing personnel;
- Suppliers or persons collaborating with the entity; and
- Existing shareholders who acquired shares within the last year prior to the entity's application, unless they are institutional investors or business-sharing entities (*etairies epichirimatikon symmetochon*).

If the applicant entity has shares already listed and negotiated with a stock exchange of one or more Member States of the European Union, or of a third country, the distribution of its shares in those markets will be taken into consideration when

calculating the distribution for the listing on the AE. However, it is necessary for the entity to secure a minimum distribution within Greece, regarding both the percentage of the capital and the number of the shareholders.

Entities to be listed for first time are subject to registration fee proportional to the value of the shares to become listed. The value of the shares to become listed is the product of the number of the shares to become listed and the value at which they will become listed. The registration fee amounts to 0.08% for shares having total value up to EUR 1,500,000,000, and it decreases to 0.04% for value exceeding the EUR 1,500,000,000 and up to EUR 3,000,000,000, and to 0.02% for value exceeding the EUR 3,000,000,000. In any case, the minimum registration fee is EUR 10,000.

Listed entities pay to the AE a quarterly subscription, which varies from EUR 1,000 to EUR 8,000, according to the average value that the listed shares had during the month preceding the month within which the subscription is due.

For companies operating in the sector of insurance, construction, or trade of automobiles, special provisions on the requirements of tax audit and their financial status apply.

9. CONTINUING REQUIREMENTS FOR LISTED COMPANIES

AE's Regulation provides the obligation for periodic and unscheduled disclosure of information of the listed entities. Periodic disclosure has the meaning of the provision of information on entity's financial status on a regular basis, being an annual, six-month, and three-month basis.

Listed companies are obliged to provide information regarding events that affect them, such as general meetings to be convened, distribution and payment of dividends, issuance of new shares, acquisition and transfer of significant participation to company's shareholding structure and in general events important for the company which are not otherwise accessible to the public and may affect the company's financial situation or the course of its operations. Provided that certain requirements are met, a company may be exempted from its obligation for the provision of certain information, if such disclosure is likely to cause serious damage to the company.

The Transparency Law governs the periodic and continuing obligations of the listed companies towards the public. Listed companies are required, *inter alia*, to:

- (a) publish financial reports (annually, semi-annually and quarterly);
- (b) publish reports issued by the Board of Directors stating that the financial reports are clear and sufficient;
- (c) provide information to the shareholders regarding the General Shareholders' Meetings (i.e. location, date, etc.);
- (d) provide information regarding the payment of dividends, issuance of new securities, etc.;
- (e) provide information on extraordinary facts that can influence investors' behaviour; and/or

- (f) provide yearly a document (etisio deltio) that has all the information regarding the business activities and the financial situation of the company.

Moreover, under the Market Manipulation Law, listed companies are required to disclose all the inside information that is connected with the company. The term 'inside information' is defined in Article 6 of the Market Manipulation Law.

Moreover, directors/managers of issuers are obliged to notify the issuer regarding transactions conducted on their behalf that concern shares issued by the issuer (derivatives and other financial instruments are included). The issuers must 'forward' the above-mentioned notification to the public and to the HCMC.

10. CIVIL AND CRIMINAL LIABILITY FOR SECURITIES LAW BREACHES

In case of violation of the Transparency Law, the HCMC may impose a penalty of up to EUR 1,000,000. In case of violation of the Corporate Governance Law, the HCMC may impose a penalty from EUR 3,000 up to EUR 1,000,000.

Courts may impose an imprisonment term of one year for persons who possess inside information, as defined under the Market Manipulation Law, and use that information by acquiring or disposing of, for their own account or for the account of a third party, either directly or indirectly, securities of the company to which that information relates.

If the above-mentioned offence is committed by a person who is considered a professional and works habitually in the securities sector, and:

- (a) the price of the unlawful transactions exceeds EUR 1,000,000; or
- (b) the person gains a profit or gives a profit to a third party that exceeds EUR 300,000 the court may impose an imprisonment term of up to ten years.

11. OFFERING SECURITIES: DISTINCTION BETWEEN PUBLIC AND PRIVATE OFFERS

A public offer of securities is linked with procedures and measures that ensure investors' protection and market efficiency.

The provision of full information relating to securities and issuers thereof ensures and develops the proper operation of the securities market. The appropriate means to make this information available to the public is through a prospectus.

The meaning of 'public offer' of securities is determined by Law 3401/2005, 'Prospectus To Be Published When Securities Are Offered to the Public and Admitted to Trading' (Public Offer Law), published in the Official Gazette A' 257/ 17.10.2005, and which implements Directive 2003/71 EC. Specifically, 'public offer of securities to the public' or 'public offer' means a communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and the securities to be offered, so as to enable an investor to decide to purchase or subscribe for those

securities or apply to purchase or subscribe for those securities. This definition shall be construed as being also applicable to the placing of securities through financial intermediaries.

The Public Offer Law and its disclosure requirements do not apply to private offers. An offer is considered private if it is made to persons providing portfolio management investment services for third parties, or to qualified investors or a limited circle of investors acting on their own behalf.

12. OFFERING SECURITIES: PROSPECTUS/DISCLOSURE REQUIREMENTS

Article 3 of the Public Offer Law sets down the disclosure requirements for offers of securities to investors. In particular, the Public Offer Law states that an offer of securities to the public (see section 14) requires disclosure to investors through the publication of a prospectus, unless there is an exemption from doing so (see section 16).

13. QUASI SECURITIES: THE OFFER OF OPTIONS, COLLECTIVE (MANAGED) INVESTMENTS AND DERIVATIVES

13.1. Mutual Funds

Under Law 3283/2004, as currently in force, which implements Directive 85/611 EC for mutual funds, an investment company, for itself and for each of the trusts it manages, must issue a full prospectus and a simplified prospectus that contains information necessary to enable investors to make a decision regarding the funds and its risks.

13.2. Derivatives

The Public Offer Law applies to derivatives.

14. PROSPECTUSES: FORMS AND CONTENT

A company addressing an invitation to the public or which is going to become listed on AE, shall issue an informative prospectus.

Under Article 5 of the Public Offer Law, the prospectus must be complete, true, accurate and not misleading to the public and shall contain all information that, according to the particular nature of the issuer and of the securities offered to the public or admitted to trading on a regulated market, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses, prospects of the issuer and of any guarantor, and the rights attaching to such securities. This information shall be presented in a form that can be easily analysed and understood.

The prospectus shall contain information regarding the issuer and the securities to be offered to the public or to be admitted to trading on a regulated market. It shall also consist of a summary. The summary consists of, *inter alia*:

- (a) information regarding the members of Board of Directors, the consultants, the auditors, etc.;
- (b) statistics regarding the offer and its expected time schedule;
- (c) basic information regarding the leverage ratio of the issuer, the risks, etc.;
- (d) information regarding the business activities of the issuer;
- (e) a review of the issuer's balance sheet on a consolidated basis;
- (f) information on the basic shareholders and their transactions with the affiliate parties;
- (g) the number and percentage of securities, the fees for the issuance of securities and information on the organized market on which it will be registered;
- (h) information regarding the issuer's capital and its articles of association; and/or
- (i) documents available to the public.

The summary shall also contain warnings that:

- (a) it should be read as an introduction to the prospectus;
- (b) any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor;
- (c) where a claim relating to the information contained in a prospectus is brought before a court, the plaintiff investor might have to bear the costs of translating the prospectus before the legal proceedings are initiated; and
- (d) civil liability attaches to those persons who have prepared the summary, including any translation thereof, and who have applied for its publication, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus.

Where the prospectus relates to the admission to trading on a regulated market of non-equity securities having a denomination of at least EUR 50,000, there shall be no requirement to provide a summary.

The issuer, offeror or person asking for the admission to trading on a regulated market may draw up the prospectus as a single document or as separate documents. A prospectus composed of separate documents shall divide the required information into a registration document, a securities note and a summary note. The registration document shall contain the information relating to the issuer. The securities note shall contain the information concerning the securities offered to the public or to be admitted to trading on a regulated market.

For the following types of securities, the prospectus can, at the choice of the issuer, offeror or person asking for the admission to trading on a regulated market, consist of a base prospectus containing all of the relevant information concerning the

issuer and the securities offered to the public or to be admitted to trading on a regulated market:

- (a) non-equity securities, including warrants in any form, issued under an offering program; and
- (b) non-equity securities issued in a continuous or repeated manner by credit institutions:
 - (i) where the sums deriving from the issue of said securities, under national legislation, are placed in assets that provide sufficient coverage for the liability deriving from these securities until their maturity date; or
 - (ii) where, in the event of the insolvency of the related credit institution, said sums are intended, as a priority, to repay the capital and interest falling due.

Regulation 809/2004, which refers to the implementation of the Prospectus Directive, determines, analytically, the minimum information that must be included in the prospectus. Models of all the appropriate documents that must be submitted to the HCMC are included in the Annexes of the Regulation.

The prospectus is subject to the approval of the HCMC. HCMC may opt for the partial or entire exemption from disclosing certain information as an exception, such as where the securities are shares given for free to beneficiaries of shares already listed on AE or securities that were the object of public offering or that are listed on a market of another EU Member State. Furthermore, HCMC may permit to the applicant company to not disclose certain information, should it considers that such information is insignificant and not able to influence the evaluation of the company's financial status and results, or contradicts public interest or such that may cause a serious damage to the company (under the condition that such 'concealment' is not likely to mislead the public as to facts and circumstances important for evaluating the securities).

15. PROSPECTUSES: FILING AND CURRENCY REQUIREMENTS

A disclosure document for an offer of securities must be lodged with the HCMC including the information required under the Public Offer Law and Regulation 809/2004 (see section 14 above).

16. OFFERING SECURITIES: EXEMPTIONS AVAILABLE

Certain offers are exempt from the obligation to publish a prospectus. Specifically, the obligation to publish a prospectus shall not apply to offers to the public of the following types of securities:

- (a) shares issued in substitution for shares of the same class already issued, if the issuing of such new shares does not involve any increase in the issued capital;

- (b) securities offered in connection with a takeover by means of an exchange offer, provided that a document is available containing information that the competent authority regards as being equivalent to that of the prospectus;
- (c) securities offered, allotted or to be allotted in connection with a merger, provided that a document is available containing information that the competent authority regards as being equivalent to that of the prospectus;
- (d) shares offered, allotted or to be allotted free of charge to existing shareholders, and dividends paid out in the form of shares of the same class, provided that a document is made available containing information on the number and nature of the shares and the reasons for and details of the offer; and
- (e) securities offered, allotted or to be allotted to existing or former directors or employees by their employer that has securities already admitted to trading on a regulated market or by an affiliated undertaking, provided that a document is made available containing information on the number and nature of the securities and the reasons for and details of the offer.

The obligation to publish a prospectus shall not apply to the admission to trading on a regulated market of the following types of securities:

- (a) shares representing, over a period of twelve months, less than 10% of the number of shares of the same class already admitted to trading on the same regulated market;
- (b) shares issued in substitution for shares of the same class already admitted to trading on the same regulated market, if the issuing of such shares does not involve any increase in the issued capital;
- (c) securities offered in connection with a takeover by means of an exchange offer, provided that a document is available containing information that the competent authority regards as being equivalent to that of the prospectus;
- (d) securities offered, allotted or to be allotted in connection with a merger, provided that a document is available containing information that the competent authority regards as being equivalent to that of the prospectus;
- (e) shares offered, allotted or to be allotted free of charge to existing shareholders, and dividends paid out in the form of shares of the same class, provided that said shares are of the same class as the shares already admitted to trading on the same regulated market, and provided that a document is made available containing information on the number and nature of the shares and the reasons for and details of the offer;
- (f) securities offered, allotted or to be allotted to existing or former directors or employees by their employer or an affiliated undertaking, provided that said securities are of the same class as the securities already admitted to trading on the same regulated market, and provided that a document is made available containing information on the number and nature of the securities and the reasons for and details of the offer;
- (g) shares resulting from the conversion or exchange of other securities or from the exercise of the rights conferred by other securities, provided that said

shares are of the same class as the shares already admitted to trading on the same regulated market; or

- (h) securities already admitted to trading on another regulated market, on the following conditions:
- (i) that these securities, or securities of the same class, have been admitted to trading on the other regulated market for more than eighteen months;
 - (ii) that, for securities first admitted to trading on a regulated market, the admission to trading on the other regulated market was associated with an approved prospectus made available to the public in conformity with Presidential Decree 348/1985 or another national law that has incorporated Directives 80/390 EC and 2001/34 EC;
 - (iii) that the ongoing obligations for trading on the other regulated market have been fulfilled; and/or
 - (iv) that the person seeking the admission of a security to trading on a regulated market under this exemption makes a summary document available to the public under paragraph 2 of Article 14 of the Public Offer Law in a language accepted by the HCMC.

17. OFFERING SECURITIES FOR RESALE AND SECONDARY TRADING: FURTHER REQUIREMENTS AND EXEMPTIONS

Under Article 3 of the Public Offer Law, the resale of securities is a separate offer, i.e., the Public Offer Law applies to any resale of securities. 'Resale of securities' means a communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and the securities to be offered, so as to enable an investor to decide to purchase or subscribe for those securities or apply to purchase or subscribe for those securities. This definition shall be construed as being also applicable to the placing of securities through financial intermediaries.

18. CONTINUING DISCLOSURE REQUIREMENTS AND SUPPLEMENTARY/ REPLACEMENT PROSPECTUSES

The information given in the base prospectus shall be supplemented, if necessary, with updated information on the issuer and on the securities to be offered to the public or to be admitted to trading on a regulated market.

Moreover, every significant factor, material mistake or inaccuracy relating to the information included in the prospectus that is capable of affecting the assessment of the securities and that arises or is noted between the time when the prospectus is approved and the final closing of the offer to the public or, as the case may be, the time when trading on a regulated market begins, shall be mentioned in a supplement to the prospectus. Such a supplement shall be subject to the same approval process within a maximum of seven working days. It shall also be published in accordance with at least the same arrangements as when the original prospectus was published. The summary

and any translations thereof shall also be supplemented, if necessary, to take into account the new information included in the supplement.

19. SPECIAL CASES: EMPLOYEE SHARE SCHEMES

Certain offers are exempt from the obligation to publish a prospectus. Securities offered, allotted or to be allotted to existing or former directors or employees by an employer that has securities already admitted to trading on a regulated market or by an affiliated undertaking are exempt, provided that a document is made available containing information on the number and nature of the securities and the reasons for and details of the offer (see section 16).

20. SPECIAL CASES: RIGHTS ISSUES

In general, rights issues of shares are subject to the same disclosure requirements as referred to above.

21. SPECIAL CASES: TAKEOVERS

The offeror who wants to make a takeover bid must inform in writing both the HCMC and the Board of Directors of the company that the latter's securities will be acquired. The offeror must also submit to the HCMC a prospectus. The information that must be included in the above-mentioned prospectus is provided in Article 11 of the Public Takeover Bids Law.

Under Article 27 of the Takeover Bids Law, an offeror is able to require all the holders of the remaining securities to sell to him/her such securities at a fair price if the offeror holds securities representing at least 90% of the voting rights in the offeree company ('squeeze-out right').

The offeror may exercise the squeeze-out right within three months from the end of the time allowed for acceptance of the bid.

22. OTHER MATTERS

The issuance of a prospectus is not required for companies to which the Public Offer Law does not apply.

For a GEM listing, the role of approval has been delegated by the Listing Committee to the Listing Division. In this regard, every application for listing by a new applicant should be submitted to the Listing Division. If the Listing Division approves a listing it will issue a notification of approval in principle, and then issue a formal approval letter in due course.

6.2.2. *Review Procedure of the Main Board*

If the application for listing is rejected by the Listing Division, the new applicant can appeal to the Listing Committee. If this appeal is rejected by the Listing Committee, the new applicant can further appeal to the Listing (Review) Committee for a review. The decision of the Listing (Review) Committee on the review is conclusive and binding on the new applicant except where a new applicant is rejected solely on the grounds of unsuitability of the new applicant itself or its business.

Where the Listing Committee rejects the new applicant solely on the ground that the new applicant or its business is not suitable for listing, the new applicant shall have a right to a further review of the application by the Listing (Review) Committee and a further and final review of the application by the Listing Appeals Committee. The Listing Appeal Committee's decision will then be conclusive and binding on the new applicant.

6.2.3. *Review Procedure of the GEM*

Where the Listing Division rejects an application for listing by a new applicant, the new applicant can seek review by the GEM Listing Committee. The decision of the GEM Listing Committee on review is conclusive and binding on the new applicant except where a new applicant is rejected solely on the grounds of unsuitability of the new applicant itself or its business.

Where the GEM Listing Committee on review of an earlier decision by the Listing Division rejects the new applicant solely on the ground that the new applicant or its business is not suitable for listing, the new applicant shall have a right to a further and final review of the application by the Listing Appeals Committee. The Listing Appeal Committee's decision will then be conclusive and binding on the new applicant.

6.2.4. *Return Decision of the Main Board and the GEM*

A new applicant and/or its sponsor have the right to have a Return Decision (as defined under Listing Process for a New Listing hereinafter) reviewed by the Listing Committee (or as the case may be, the GEM Listing Committee). Where the Listing Committee (or as the case may be, the GEM Listing Committee) endorses the Return Decision, the new applicant and/or the sponsor have the right to have the Return Decision referred to the Listing (Review) Committee (or as the case may be, the GEM Listing (Review) Committee) for a review. The decision of the Listing (Review) Committee (or as the case may be, the GEM Listing (Review) Committee) on the review is conclusive and binding on the new applicant and the sponsor.

6.2.5. *Transfer of Listing from GEM to Main Board*

There is no automatic transfer mechanism from the GEM to the Main Board. If a GEM-listed issuer meets the Main Board admission criteria, has been listed on the GEM for a full financial year and has not been the subject of disciplinary investigations by the HKEx for breaches of the Listing Rules in the twelve months preceding the transfer application and until the commencement of dealings in its securities on the Main Board, then it may apply to the Listing Division for a transfer of listing from the GEM to the Main Board. Application for a transfer of listing shall be approved by the Listing Committee as for Main Board listing set out hereinabove.

6.2.6. *Professional Parties Involved in a New Listing*

Professional parties that may be involved in a listing application include sponsors, reporting accountants, legal advisers in Hong Kong and in the place where the new applicant is incorporated or established, valuers, underwriters/placing agents, printers, public relation agents and others. The sponsor must be a corporation or an authorized financial institution licensed or registered under applicable laws to advise on corporate finance matters. The sponsor is responsible for preparing the new applicant for listing, lodging the formal application for listing and all supporting documentation to, and dealing with, the HKEx on all matters regarding the application. At least one of the sponsors of the new applicant must be independent of the new applicant.

6.2.7. *Listing Process for a New Listing*

The following sets out in brief the listing process for an application for listing on the Main Board/the GEM by a new applicant in Hong Kong:

<i>Highlights</i>	
<i>Appointment of Sponsors</i>	Appointment of a sponsor at least two months before submission of an application and to notify the HKEx. The sponsor to register as a user of the HKEx's e-submission system at least three business days before submission of the listing application. The sponsor to obtain a company case number from the Listing Division – IPO Transactions Department at least one business day before submission of the listing application.

Highlights

Submission of the Listing Application (No Chinese AP-Publication before 1 April 2014)

To submit listing application Form A1 (for Main Board)/Form 5A (for GEM), Application Proof (AP) and all other relevant documents under the requirements of Listing Rules. Information must be substantially complete. The HKEx allows certain information that will be updated later during the vetting process to be in brackets.

From 1 October 2013 to 31 March 2014 (both dates inclusive); the following are suspended:

- (i) publication of AP on HKEx's website ('AP - Publication');
- (ii) publication of name of the applicant and sponsor, and date of return; and
- (iii) submission of a Chinese version of the AP.

3-Day Check

(From 1 October 2013 – 30 September 2014)
(Transitional Period)

From 1 October 2013 to 30 September 2014, the HKEx will conduct an initial check ('3-Day Check') with limited qualitative assessment on all AP ('AP-Vetting') based on the prescribed checklist (3-Day Checklist) to determine whether the AP will be accepted for detailed vetting and subsequent publication on the HKEx's website. Listing application may be returned for cases failing to include the matters under 3-Day Checklist or AP is not substantially complete.

Accepted

Publication of AP-Publication (From 1 April 2014)

Content requirements of AP-Publication:

- (i) in English and Chinese, concise and in plain language;
- (ii) must not contain any information about the offering, price, means to subscribe for the securities or information that would constitute the AP-Publication, a prospectus, an advertisement or an invitation to public under the applicable laws (Offer -related information);

- (iii) must include appropriate disclaimer and warning statement to advise readers of its legal status;

Highlights

- (iv) redactions in an AP-Publication are allowed only to the extent necessary for these documents not to contain the Offer -related information;
- (v) information in an AP-Vetting and an AP-Publication should be the same, except not to contain the Offer -related information (AP-Vetting *minus* Offer-related information = AP-Publication);

Timing requirement for publication of an AP - Publication:

Subject to the transitional arrangements as described below, an applicant must submit its AP-Publication for publication when an applicant files a listing application with the HKEx:

[(i)] from 1 October 2013 to 31 March 2014 (both dates inclusive), publication of AP-Publication on the HKEx's website is suspended;

[(ii)] from 1 April 2014 to 30 September 2014 (both dates inclusive), an AP-Publication submitted to the HKEx will only be published on the HKEx's website when the HKEx accepts the application for detailed vetting upon completion of a 3-Day Check of the AP-Vetting.

Detailed Vetting

Qualitative assessment on eligibility, suitability, Listing Rules/CO/SFO compliances and material disclosure deficiencies.

Timing of Comments

First round of comments – within ten business days from receipt of application. Second and further rounds of comments (if any) within ten business days from receipt of reply to previous comment letter.

Expected Hearing Timetable

Depending on the sponsor's response time and quality of response:

- (i) where sponsor takes five business days to respond to each of the two rounds of comments, around forty business days from the date of listing application;

Highlights

(ii) where only one round of comment is raised and sponsor takes five business days to respond, around twenty-five business days.

Hearing

Hearing before the Listing Committee
Post-Hearing Information Pack (PHIP)
Content requirements are the same as those of AP- Publication.

Time requirements for publication of a PHIP:

(i) when the applicant receives the Post Hearing Letter incorporating a 'Request for Posting' after the Listing Committee hearing; and

(ii) directors of the applicant conclude that the material comments of the HKEx or the SFC have been addressed.

*Dealing of Shares Commences**8 Weeks Moratorium*

(After any accelerated review process)

Documentary Requirements for a New Listing

	Main Board	GEM
<i>At the Time of Submission of Listing Application</i>	<p>A sponsor's confirmation that the applicant has submitted the AP for publication on the HKEx's website (starting from 1 April 2014).</p> <p>The initial listing fee.</p> <p>A listing application form containing a draft timetable subject to HKEx's agreement.</p> <p>Fifteen copies and two CD-ROMS of an AP and two copies for each of these documents.</p> <p>An undertaking and statement of independence of each of the sponsor duly signed on the sponsor's behalf.</p>	<p>A sponsor's confirmation that the applicant has submitted the AP for publication on the HKEx's website (starting from 1 April 2014).</p> <p>The initial listing fee.</p> <p>A listing application form containing a draft timetable subject to HKEx's agreement.</p> <p>Twelve copies and two CD-ROMS of an AP and two copies for each of these documents.</p> <p>A confirmation from the new applicant's legal advisers that the new applicant's articles of association are not inconsistent with the GEM</p>

Main Board

GEM

An undertaking of the compliance adviser duly signed on the compliance adviser's behalf.

A final or an advanced draft of all requests for waiver from the requirements of the Listing Rules and the provisions of the CO from the sponsor and the directors/proposed directors.

A written confirmation signed by each director/supervisor that the information in the AP is accurate and complete in all material respects and is not misleading or deceptive.

A written confirmation and undertaking signed by each director/supervisor and proposed director/supervisor:

- (i) that the AP contains all information about their biographical details and that those details are true, accurate and complete;
- (ii) where, before dealings commence, there are any changes in the biographical details to inform the HKEx as soon as practicable of such changes; and
- (iii) to lodge with the HKEx a declaration and undertaking, in Form

Listing Rules and the laws of place where the new applicant is incorporated or established.

Where the AP contains an accountants' report, an advanced draft of any statement of adjustments relating to the accountants' report.

A final proof of the formal notice, where applicable.

A final proof of any application form to subscribe the securities for which listing is sought.

Where the AP is required to contain a statement by the directors as to the sufficiency of working capital, an advanced draft of a letter from its sponsor, confirming that it is satisfied that the sufficiency of working capital statement in the AP has been made by the directors after due and careful enquiry.

<i>Main Board</i>	<i>GEM</i>
B/H/I in Appendix 5 of the Listing Rules, duly signed by each director/supervisordirector/supervisor.	
Where the AP contains an accountants' report, an advanced draft of any statement of adjustments relating to the accountants' report.	Where the AP contains a profit forecast, a final or an advanced draft of the board's profit forecast memorandum covering the same period of the profit forecast contained in the AP and cash flow forecast memorandum covering at least twelve months from the expected date of publication of the listing document with principal assumptions, accounting policies and calculations for the forecasts.
Where the AP contains a profit forecast, a final or an advanced draft of the board's profit forecast memorandum covering the same period of the profit forecast contained in the AP and cash flow forecast memorandum covering at least twelve months from the expected date of publication of the listing document with principal assumptions, accounting policies and calculations for the forecasts.	Where the AP does not contain a profit forecast, a final or an advanced draft of the board's profit forecast memorandum covering the period up to the forthcoming financial year end date after the date of listing and cash flow forecast memorandum covering at least twelve months from the expected date of publication of the listing document with principal assumptions, accounting policies and calculations for the forecasts.

<i>Main Board</i>	<i>GEM</i>
Where the AP does not contain a profit forecast, a final or an advanced draft of the board's profit forecast memorandum covering the period up to the forthcoming financial year end date after the date of listing and cash flow forecast memorandum covering at least twelve months from the expected date of publication of the listing document with principal assumptions, accounting policies and calculations for the forecasts.	A final or an advanced draft of any application for a waiver of any provision of the GEM Listing Rules and the provisions of the CO from the sponsor and the directors/proposed directors.
A certified copy of the new applicant's certificate of incorporation or equivalent document.	Completed checklists on (i) basic qualifications for new listing under the GEM Listing Rules; (ii) basic requirements for contents of listing document under the GEM Listing Rules and the CO; (iii) rules on valuation of and information on properties; and (iv) rules on accountants' report.
Where the AP is required to contain a statement by the directors as to the sufficiency of working capital, an advanced draft of a letter from its sponsor confirming that it is satisfied that the sufficiency of working capital statement in the AP has been made by the directors after due and careful enquiry.	For applicants that are applying for a certificate of exemption from any prospectus requirements under the CO, a final or an advanced draft of the applications to both the HKEx and the SFC.

<i>Main Board</i>	<i>GEM</i>
Any document as may be required by the HKEx in support of the application for listing.	A final or draft legal opinion from a legal adviser of the relevant jurisdiction on the applicant's Chinese name if a Chinese stock short name is required for a non-Hong Kong or a non-PRC issuer.
Completed checklists on (i) basic qualifications for new listing under the Listing Rules; (ii) basic requirements for contents of listing document under the Listing Rules and CO; (iii) rules on valuation of and information on properties; and (iv) rules on accountants' report.	An undertaking and statement of independence of each of the sponsor duly signed on the sponsor's behalf.
For applicants applying for a certificate of exemption from any prospectus requirements under the CO, a final or an advanced draft of the applications to both the HKEx and the SFC.	An undertaking of the compliance adviser duly signed on the compliance adviser's behalf.
A final or draft legal opinion from a legal adviser of the relevant jurisdiction on the applicant's Chinese name if a Chinese stock short name is required for a non-Hong Kong or a non-PRC issuer.	A written confirmation signed by each director/supervisor that the information in the AP is accurate and complete in all material respects and is not misleading or deceptive.

<i>Main Board</i>	<i>GEM</i>
	A written confirmation and undertaking signed by each director/supervisor and proposed director/supervisor:
	(i) that the AP contains all information about their biographical details and that those details are true, accurate and complete;
	(ii) where, before dealings commence, there are any changes in the biographical details to inform the HKEx as soon as practicable of such changes; and
	(iii) to lodge with the HKEx a declaration and undertaking, in the relevant form in Appendix 6 of the GEM Listing Rules, duly signed by each director/supervisor and proposed director/supervisor.
	A certified copy of the new applicant's certificate of incorporation or equivalent document.
	Any document as may be required by the HKEx in support of the application for listing.

The GEM is the Irish Stock Exchange's market for asset-backed securities, convertible securities, debt securities and derivative securities, as traded by professional investors. It too is an MTF under MiFID. This is similar to the London Stock Exchange's Professional Securities Market.

2. THE LISTING/MARKET AUTHORITY

2.1. Main Market

The Irish Stock Exchange (ISE) is operated by The Irish Stock Exchange plc and the Central Bank is responsible for the ISE's supervision.

The ISE has issued rules to govern the operations and activities of companies with securities listed on its markets ('The Rules of the Irish Stock Exchange') and these rules have been approved by the Central Bank.

The ISE also has listing rules ('the Listing Rules of the Irish Stock Exchange' or the 'Listing Rules') which apply to companies with securities admitted to the Main Market and to companies that are applying for admission to trading of any of its securities on the Main Market.

The ISE can be contacted at:

The Irish Stock Exchange

28 Anglesea Street

Dublin 2

Ireland

Tel: +353 1 617 4200

Fax: +353 1 677 6045

Email: info@ise.ie

Website: www.ise.ie

2.2. ESM

ESM is regulated by the ISE.

ESM has its own set of rules (the 'ESM Rules') which have been prepared so as to make them specific to smaller companies. The ESM Rules are closely modeled on the AIM Rules for Companies in the UK. Irish companies often seek to simultaneously admit their shares to trading on both markets.

ESM can be contacted through the ISE.

2.3. GEM

GEM is regulated by the ISE.

GEM also has its own set of rules (the 'GEM Rules') which apply to securities admitted to listing and trading on GEM. Due to the fact that these securities are

normally bought and traded by a limited number of investors who are particularly knowledgeable in investment matters, the regulatory regime imposed by the GEM Rules is less onerous than the regulatory regime applied in relation to the Main Market. GEM can be contacted through the ISE.

3. THE REGULATORY AUTHORITY

The overall regulator of the markets is the Central Bank.

The ISE also has a regulatory role:

- as competent authority for admission to listing, under the Consolidated Admissions and Reporting Directive 2001/34/EC (CARD);
- as market operator under MiFID; and
- as market operator under the Market Abuse Directive 2003/6/EC.

The Irish Takeover Panel is the competent authority under the Takeover Bids Directive 2004/25/EC.

The Registrar of Companies receives various documents of Irish-incorporated quoted companies, including constitutional documents, prospectuses, resolutions concerning share capital and documents relating to the issue, repurchase and redemption of shares.

The Director of Corporate Enforcement enforces company law generally and currently enforces certain securities law breaches by Irish-incorporated companies admitted to ESM and GEM. Although this latter function will likely be taken over by the Central Bank when the new Market Abuse regime which will be applied generally to all markets across the European Union comes into force on 3 July 2016. For further details, see section 10.1 below.

4. PRINCIPAL LAWS REGULATING THE SECURITIES MARKET

The following table sets out the structure of securities and markets regulation:

<i>European Directive</i>	<i>Irish Statute</i>	<i>Transposition of European Directive</i>	<i>Competent Authority Rules</i>
Consolidated Admissions and Reporting Directive 2001/34/EC (CARD)	None	European Communities (Admissions to Trading and Miscellaneous Provisions) Regulations SI 286/2007	Irish Stock Exchange's (i) Listing Rules; and (ii) Admission to Trading Rules

<i>European Directive</i>	<i>Irish Statute</i>	<i>Transposition of European Directive</i>	<i>Competent Authority Rules</i>
Market Abuse Directive 2003/6/EC (and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC)	Investment Funds, Companies and Miscellaneous Provisions Act 2005, Part 4	Market Abuse (Directive 2003/6/EC) Regulations SI 342/2005 (as amended, the 'Irish Market Abuse Directive Regulations')	Central Bank's Market Abuse Rules (the 'Market Abuse Rules')
Prospectus Directive 2003/71/EC	Investment Funds, Companies and Miscellaneous Provisions Act 2005, Part 5	Prospectus (Directive 2003/71/EC) Regulations SI 324/2005 (as amended, the 'Irish Prospectus Directive Regulations')	Central Bank's Prospectus Rules (the 'Prospectus Rules')
Takeover Bids Directive 2004/25/EC	Irish Takeover Panel Act 1997	European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006	Irish Takeover Panel's Irish Takeover Rules and Substantial Acquisition Rules (the 'Takeover Rules')
Markets in Financial Instruments Directive 2004/39/EC (MiFID) (and Commission Directive 2006/73/EC)	Markets in Financial Instruments and Miscellaneous Provisions Act 2007	European Communities (Markets in Financial Instruments) Regulations SI 60/2007, as amended	Central Bank's Rules
Transparency Directive 2004/109/EC	Investment Funds, Companies and Miscellaneous Provisions Act 2005, Part 5	Transparency (Directive 2004/109/EC) Regulations SI 277/2007 (the 'Transparency Directive Regulations')	Central Bank's Transparency Rules (the 'Transparency Rules')

CARD regulates the admission of securities to official listing, whether those securities are also admitted to trading on a regulated market (e.g. the Main Market) or not (e.g. GEM).

The Market Abuse Directive prohibits insider dealing and market manipulation in relation to securities admitted to trading on a regulated market. The Irish Companies Act 1990 Part V addresses the same issue for other issuers. The Market Abuse regime applicable to regulated markets in the European Union will be repealed as a new

broader Market Abuse regime in the European Union will be applied generally to all markets with effect from 3 July 2016. For further details, see section 10.1 below.

The Prospectus Directive regulates the requirement for, and contents of, a prospectus prepared in connection with public offers of securities and the admission of securities to trading on a regulated market.

The Takeover Bids Directive regulates the process of takeovers of companies that are admitted to trading on a regulated market. The Irish Takeover Panel Act 1997 addresses this issue for other companies. The Irish Takeover Panel's Takeover Rules and Substantial Acquisition Rules ('Takeover Rules') apply to all companies on any of the Irish markets as well as to Irish companies admitted to AIM, NYSE or NASDAQ.

MiFID regulates the conduct of investment business and stock markets.

The Transparency Directive regulates the provision of certain information by companies admitted to trading on a regulated market and requires major shareholders to notify their percentage holdings to the markets. The Irish Companies Act 1990 Part IV addresses the notification requirement for other Irish-incorporated issuers.

5. PARTICIPANTS IN THE SECURITIES MARKETS: REQUIREMENTS FOR LICENSING

Financial service providers require a license, approval or authorization from the Central Bank to carry on financial services business in Ireland.

MiFID is the EU legislative framework under which investment firms in Ireland are able, once licensed in one EU Member State, to carry out investment business in other EU Member States under a single regulatory passport. The objectives for MiFID are to increase investor protection throughout the EU, improve the transparency and efficiency of European financial markets and to allow investment firms to provide services across all Member States based on the authorization of their home state.

6. PROCEDURES AND METHODS FOR AN APPLICATION FOR LISTING

6.1. Main Market

An applicant seeking admission of its securities to trading on the Main Market must also comply with the ISE's 'Admission to Trading Rules' which are appended to the Listing Rules.

The Admission to Trading Rules require an issuer who is proposing to make an application for admission to trading of securities to agree a timetable with the ISE before making an application for admission.

Certain documents are required to be submitted to the ISE in respect of an application for admission to listing and trading of securities and the ISE will not admit the securities until such time as it is in receipt of them. These documents include:

- (a) a prospectus (see section 14A below);
- (b) a completed application form;
- (c) the applicant's memorandum and articles of association;
- (d) the applicant's annual report;
- (e) any interim accounts which have been prepared; and
- (f) certain documents from the applicant's sponsor including a letter setting out how the applicant satisfies the conditions for listing, a working capital letter and confirmation of the number of securities to be allotted or admitted.

There are fees to be paid by an applicant to the ISE in accordance with the ISE's fee schedule.

6.2. ESM

To become admitted to the ESM, in addition to the requirement to produce an admission document (see section 14B below), an applicant must provide the ISE with certain information ten days before the expected date of admission. This information includes:

- (a) a brief description of the applicant's business;
- (b) the number and type of securities to be admitted;
- (c) the percentage of shares not in public hands at the date of admission; and
- (d) the capital to be raised on admission and its anticipated market capitalization.

In addition, at least three business days before the expected date of admission, an applicant must pay the fee required by ESM and submit both an application form and an admission document.

6.3. GEM

To become listed on GEM, in addition to the requirement to produce listing particulars (see section 14C below) and have these approved by the ISE, an applicant must provide the ISE (Debt Listing Department) with an application for admission to listing and trading and a formal notice. The formal notice must include the following information:

- (a) details of how the listing particulars have been made available and where they can be obtained by the public;
- (b) the type, class and amount of securities to be admitted; and
- (c) the intended time schedule.

There is also a requirement that the applicant pay the appropriate listing fees to the ISE.

7. PROCEDURES AND METHODS FOR AN APPLICATION FOR LISTING: FOREIGN ISSUERS

In the case of a company which has not been incorporated in a state of the European Economic Area (EEA), the ISE will not admit its shares to listing where such shares are not listed either in its country of incorporation or in the country in which a majority of its shares are held. Admission may be permitted if the ISE is satisfied that the absence of such a listing is not due to the need to protect investors.

8. LISTING REQUIREMENTS

8.1. Main Market

As mentioned above, the ISE has its own listing rules (the Listing Rules of the Irish Stock Exchange), which apply to companies with securities admitted to the Main Market and to companies that are applying for admission to trading of any of its securities on the Main Market.

In the case of equity securities, the Listing Rules provide, among other things, that:

- (a) the company must retain a sponsor when it makes an application for listing and for the duration of the listing;
- (b) the expected aggregate market value of all securities to be listed must be at least EUR 1 million (this threshold may be lowered at the discretion of the ISE if certain conditions are satisfied);
- (c) the company seeking admission must have published or filed audited accounts that cover the previous three years (subject to limited exceptions for mineral companies and scientific research based companies);
- (d) the securities must be:
 - (i) freely transferable;
 - (ii) fully paid (this requirement may be modified to partly paid at the discretion of the ISE if certain conditions are satisfied); and
 - (iii) free from all liens;
- (e) a minimum of 25% of the securities are to be distributed to the public no later than the time of admission;
- (f) the securities must comply with the laws of the company's place of incorporation;
- (g) the securities must be duly authorized according to the requirements of the company's constitutional documents and have any necessary statutory and other consents; and
- (h) the applicant must also prepare, have approved and publish a prospectus.

In the case of debt securities, the Listing Rules provide, among other things, that:

- (a) the company must retain a listing agent sponsor when it makes an application for listing;
- (b) the expected aggregate market value of all securities to be listed must be at least EUR 200,000 (this threshold may be lowered at the discretion of the ISE if certain conditions are satisfied);
- (c) generally, the company seeking admission must have published or filed audited accounts that cover the previous three years, however, for certain types of debt security this time period may be less;
- (d) the securities must be:
 - (i) freely transferable;
 - (ii) fully paid (this requirement may be modified to partly paid at the discretion of the ISE if certain conditions are satisfied); and
 - (iii) free from all liens;
- (e) the securities must comply with the laws of the company's place of incorporation;
- (f) the securities must be duly authorized according to the requirements of the company's constitutional documents and have any necessary statutory and other consents; and
- (g) the applicant must also prepare, have approved and publish a prospectus.

In addition to the Listing Rules, the ISE has issued separate guidelines that apply to the listing and admission to trading of each of covered debt securities, asset-backed securities, debt securities and derivative securities on the Main Market.

8.2. ESM

As mentioned above, the ESM Rules have been prepared so as to make them specific to smaller companies. The ESM Rules complement the admission rules of AIM in the UK and NASDAQ in the US, which facilitates Irish companies seeking to simultaneously admit their shares to trading on those markets.

By way of contrast to companies seeking admission of their equity securities to the Main Market, for companies seeking admission to ESM:

- (a) there are no specific admission criteria other than for the applicant to have a minimum market capitalization of EUR 5 million (this threshold may be lowered at the discretion of the ISE);
- (b) there is no requirement for the company to have a trading record;
- (c) there is no minimum number of shares which are to be held in public hands; and
- (d) there is no requirement for ESM to approve admission documents before their issue.

The securities in an ESM company must be on admission, and must remain following admission, freely transferable.

8.3. GEM

Securities admitted to listing and trading on GEM, because of their nature, are normally bought and traded by a limited number of investors who are particularly knowledgeable in investment matters. Therefore, the applicable regulatory regime - the GEM Rules - is less onerous than the regulatory regime applied to the Main Market.

The GEM Rules provide, among other things, that:

- (a) the expected aggregate market value of all securities to be listed must be at least EUR 200,000 (this threshold may be lowered at the discretion of the ISE);
- (b) generally, the company seeking admission must have published or filed audited accounts that cover the previous two years, however, for certain types of debt security this time period may be less;
- (c) listing particulars must be prepared by the applicant and approved by the ISE prior to issue;
- (d) the securities to be listed must be freely transferable;
- (e) the securities must comply with the laws of the company's place of incorporation; and
- (f) the securities must be duly authorized according to the requirements of the company's constitutional documents and have any necessary statutory and other consents.

9. CONTINUING REQUIREMENTS FOR LISTED COMPANIES

9.1. Main Market

The Listing Rules also provide for the continuing obligations for companies whose securities are admitted to trading on the Main Market. Such continuing obligations include requirements such as:

- (a) that the company retains a sponsor at all times;
- (b) that a minimum of 25% of the securities remain in public hands;
- (c) that all directors and others discharging managerial responsibilities comply with the model code (appended to the Listing Rules) when dealing in securities of the company or of a group company;
- (d) that all directors and others discharging managerial responsibilities comply with the UK Governance Code issued by the Financial Reporting Council and the Irish Stock Exchange Corporate Governance Annex;
- (e) how certain transactions are to be dealt with, including rights issues, open offers, offers for sale or subscription and reconstructions or refinancing; and
- (f) where the number of directors co-opted by the board (i.e. not elected or re-elected by the shareholders) exceeds one third of the board, that an EGM must be held to elect them.

A listed company must provide information to the market which is considered appropriate in order to protect investors, ensure the smooth running of the market and which may have an effect on the price of the company's listed securities. The Listing Rules set out, among other things, that a company has the following notification obligations to both the ISE and/or the market:

- (a) to provide the ISE with copies of circulars, notices, reports or other documents to which the Listing Rules apply;
- (b) to provide the ISE with copies of all resolutions passed at an annual general meeting, other than resolutions concerning ordinary business;
- (c) to notify via a regulatory information service (RIS) that such documents have been sent to the ISE, together with information of where the document can be obtained;
- (d) to notify via a RIS certain information relating to its capital;
- (e) to notify via a RIS certain information relating to its directors;
- (f) to notify via a RIS any notifications received regarding major interests in shares;
- (g) (if prepared) to publish its preliminary statement of annual results; and
- (h) to publish an annual report containing specified information.

9.2. ESM

The following ongoing requirements for ESM companies are provided for in the ESM Rules:

- (a) the company must at all times retain an ESM adviser (being an adviser who is included in the list of ESM advisers of the ISE);
- (b) the company must at all times retain a broker;
- (c) the company must maintain a website on which certain information is available (including its current constitutional documents, number of securities in issue, details of its board, its most recent admission document and notifications and circulars sent to shareholders within the past twelve months);
- (d) the company must ensure that its directors and other applicable employees do not deal in its securities during the period of two months leading up to the publication of its annual results or half-yearly report or during any other period when the company is in possession of unpublished price-sensitive information; and
- (e) the company must publish annual audited accounts and to send these to its shareholders and prepare a half-yearly report for each six-month period, other than the six-month period preceding the accounting reference date for its audited accounts.

An ESM company also has notification obligations both to the public and to the ISE, which include obligations to notify the following information:

- (a) any new developments that are not public knowledge concerning a change in the company's financial condition, sphere of activity, performance of its business or of its expectation of performance which, if made public, would be likely to lead to a substantial movement in the price of its securities;
- (b) the terms of any substantial transactions;
- (c) certain details in respect of related party transactions;
- (d) certain information in respect of any agreement which would effect a reverse takeover;
- (e) certain information in respect of disposals resulting in a fundamental change of business;
- (f) its half-yearly report; and
- (g) other miscellaneous information such as deals by directors, changes to significant shareholders, changes to directors, changes to its ESM adviser or changes to the website.

9.3. GEM

A GEM company also has ongoing obligations. The GEM Rules provide, among other things, that a GEM company must:

- (a) designate a financial institution as its agent through which holders of securities may exercise their financial rights;
- (b) ensure that all facilities and information necessary to enable holders of the securities to exercise their rights are publicly available;
- (c) in respect of asset-backed securities, ensure that adequate information is at all times available about the assets backing the issue;
- (d) publish its annual reports and accounts; and
- (e) in respect of guaranteed securities where the guarantor is not listed on a stock exchange, submit its guarantor's annual report and accounts to the ISE.

The notification requirements with which a GEM company must comply include the following:

- (a) disclosure to the public of any changes in the rights of holders of the securities;
- (b) disclosure to the public of new loan issues and of any guarantee or security in respect of those issues;
- (c) publication of notices of meetings of securities holders;
- (d) distribution of circulars in respect of the payment of interest or the exercise of any conversion, exchange or subscription or cancellation rights and repayment; and

- (e) communication of any draft amendment to the GEM company's instrument of incorporation to the ISE.

10. CIVIL AND CRIMINAL LIABILITY FOR SECURITIES LAW BREACHES

10.1. Market Abuse: Main Market and GEM

The Irish Market Abuse Directive Regulations¹ provide, among other things, for the prevention, detection and investigation of insider dealing and market manipulation in relation to financial instruments admitted to trading on the Main Market or for which a request for admission has been made.

In addition, in accordance with the GEM Rules, an issuer of securities on GEM must disclose inside information and maintain a list of insiders and, in order to comply with this requirement, is required to comply with regulations 10 and 11 of the Irish Market Abuse Directive Regulations which deal with these matters.

The Irish Market Abuse Directive Regulations provide that persons who breach certain of the provisions regarding insider dealing, market manipulation, disclosure of inside information, disclosure of other information, managers' transactions or prevention and detection of market manipulation practices will be liable on summary conviction to a fine not exceeding EUR 5,000 or imprisonment for a term not exceeding twelve months or both. In addition, the offences of obstruction of an officer and provision of false information carry equal penalties. The Investment Funds, Companies and Miscellaneous Provisions Act 2005 also provides for offences under Irish market abuse law and a person found guilty of an offence created by this act will be liable, on conviction on indictment, to a fine not exceeding EUR 10,000,000 or imprisonment for a term not exceeding ten years, or both.

In addition, if a person contravenes a provision of the act or the Irish Market Abuse Directive Regulations, the person shall be liable to:

- (a) compensate other parties to the transaction who were not in possession of that information for any loss sustained by them by reason of the difference between the price at which the securities were dealt and the price at which

1. A new Regulation No 596/2014 on market abuse and Directive 2014/57/EU on criminal sanctions for market abuse were published on 12 June 2014. The new Regulation is directly applicable in Ireland with effect from 3 July 2016 and new Irish legislation will be required to be enacted by 3 July 2016 to implement the new Directive into national law. This proposed EU regime on market abuse seeks to address the new market realities and extend the scope of the Market Abuse rules to new platforms, including markets which are not currently regulated. The new framework will: prohibit market abuse occurring across commodity and related derivative markets; strengthen investigative and sanctioning powers of regulators; create common EU definitions of offences such as insider dealing, unlawful disclosure of information and market manipulation; prohibit the actual or attempted manipulation of benchmarks such as the LIBOR and EURIBOR; and require Member States to impose harmonized criminal sanctions for certain offences, for example insider dealing.

- they would have been likely to have been dealt if the information had been generally available;
- (b) compensate any other party who acquired or disposed of financial instruments by reason of the contravention; and
- (c) account to the body corporate or other legal entity which issued the financial instruments concerned for any profit accruing to the first-mentioned person from acquiring or disposing of those instruments.

The Central Bank may also impose any of the following sanctions on a person where it decides that they are committing, or have committed, a contravention of certain provisions of the Irish Market Abuse Directive Regulations including those regarding insider dealing, market manipulation, disclosure of inside information, disclosure of other information, managers' transactions or prevention and detection of market manipulation practices:

- (a) a private caution or reprimand;
- (b) a public caution or reprimand;
- (c) a monetary penalty of EUR 2.5 million;
- (d) a direction disqualifying them from being concerned in the management of, or having a qualified interest in, a regulated service provider;
- (e) a direction ordering them to cease committing the breach of the regulations; or
- (f) a direction to reimburse the Central Bank for its costs relating to the investigation.

10.2. Insider Dealing: ESM and GEM

Part V of the Companies Act 1990 applies to securities of Irish companies admitted to ESM and GEM. Section 108 of this act makes it unlawful for a person to deal in securities of a company where that person is, or was at any time in the preceding six months, connected with the company and who as a result of being, or having been, connected with that company is in possession of information that would affect the price of those securities if generally available.

A person found guilty of insider dealing under section 108 of the Companies Act 1990 will be liable to:

- (a) compensate other parties to the transaction who were not in possession of that information for any loss sustained by them by reason of the difference between the price at which the securities were dealt and the price at which they would have been likely to have been dealt if the information had been generally available; and
- (b) account to the company for any profit accruing to them as a result of dealing in those securities.

Insider dealing is also a criminal offence and a guilty party will be liable on summary conviction to a fine of up to EUR 2,500 or imprisonment for a term not exceeding twelve months or both and on indictment to a fine of up to EUR 437,500 or imprisonment for a term not exceeding ten years or both.

It is anticipated that a new EU Market Abuse regime which includes provisions on insider dealing, will be applied generally to all markets by 3 July 2016.

10.3. Misleading Prospectus

With regard to the publication of a prospectus, civil and criminal law liabilities may be incurred by those responsible for the publication or use of such documents if the relevant document omits material information, does not comply with statutory or regulatory requirements, contains false or misleading information or has been fraudulently or negligently prepared. A company and its directors may be liable to a purchaser of any securities for loss suffered by that purchaser as a result of:

- (a) any misrepresentation of fact in the prospectus, whether that misrepresentation was made innocently, negligently or fraudulently;
- (b) matters of opinions expressed in the prospectus (otherwise than by experts) that were given negligently or fraudulently; and
- (c) any statement which constitutes a breach of market abuse law (see below).

The Irish Prospectus Directive Regulations provide that persons who offer securities to the public in Ireland or who admit securities to trading in Ireland without production and approval of a prospectus will be liable on summary conviction to a fine not exceeding EUR 5,000 or imprisonment for a term not exceeding twelve months or both. The Investment Funds, Companies and Miscellaneous Provisions Act 2005 also provides for offences under Irish prospectus law and a person found guilty of such an offence shall be liable on conviction on indictment to a fine not exceeding EUR 1,000,000 or imprisonment for a term not exceeding five years or both.

10.4. Other Breaches

The Transparency Directive Regulations (see section 22A. for more details) provide that persons who obstruct an officer in the exercise of his powers under the regulation or persons who are concerned in the management of a regulated financial service provider while disqualified will be liable on summary conviction to a fine not exceeding EUR 5,000 or imprisonment for a term not exceeding twelve months or both. The Investment Funds, Companies and Miscellaneous Provisions Act 2006 also provides for offences under Irish transparency law and a person found guilty of such an offence shall be liable on conviction on indictment to a fine not exceeding EUR 1,000,000 or imprisonment for a term not exceeding five years or both.

11. OFFERING SECURITIES: DISTINCTION BETWEEN PUBLIC AND PRIVATE OFFERS

The Irish Prospectus Directive Regulations define an offer of securities to the public as being a communication to persons in any form presenting sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase those securities. Securities (see section 12 below for more detail) include shares in companies and other securities equivalent to shares in companies once those securities can be transferred freely by the holder.

The making of such an offer in Ireland requires the publication of a prospectus (see section 12) unless the offering falls within one of the specific exemptions set out in the Irish Prospectus Directive Regulations (see section 17). Due to the broad nature of this definition, companies intending to offer shares in Ireland should seek specific advice as to whether the offer falls within one of these exemptions.

12. OFFERING SECURITIES: PROSPECTUS/DISCLOSURE REQUIREMENTS

The Irish Prospectus Directive Regulations require that a prospectus be published by persons who make offers of securities to the public in Ireland or who seek admission of securities to trading on the Main Market. Where the issuer has its registered office in Ireland, this prospectus must be approved in advance by the Central Bank, and where the issuer has its registered office in another Member State of the EEA, by the competent authority of that EEA state.

For non-EEA incorporated companies making an offer of securities to the public in Ireland, or seeking admission of securities to trading on the Main Market, the Irish Prospectus Directive Regulations provide that the prospectus produced by them must be approved by the competent authority of their 'Home Member State'. The 'Home Member State' of such a company is the EEA state where they first made, or make, a public offer of the securities on or after 31 December 2003, or where the first application for admission to listing was or is made.

Securities are defined as being transferable securities and include:

- (a) shares in companies or other securities equivalent to shares in companies;
- (b) bonds and other forms of securitized debt which are negotiable on the capital market; and
- (c) other securities that give rise to a right to acquire any such transferable securities by subscription or exchange or that give rise to a cash settlement;

but do not include instruments of payment.

13. QUASI SECURITIES: THE OFFER OF OPTIONS, COLLECTIVE (MANAGED) INVESTMENTS AND DERIVATIVES

As set out in section 12 above, offers of 'securities' are governed by the requirements of the Irish Prospectus Directive Regulations.

The Irish Prospectus Directive Regulations do not apply to UCITS collective investment undertakings, other than of the closed-end type.

14. PROSPECTUSES: FORM AND CONTENT

14.1. Main Market

The Irish Prospectus Directive Regulations provide that a prospectus must contain the minimum information required by Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive (the 'Prospectus Regulation'). The Prospectus Regulation includes seventeen annexes which contain the minimum disclosure requirements for prospectuses which may be issued in respect of a variety of equity and debt securities.

The Prospectus Rules set out procedural and administrative requirements and guidance in respect of the Prospectus Regulation and deal with, among other things, the application for approval of a prospectus, the publication of a prospectus, outward passport notification requests and the qualified investors register.

A prospectus must be approved prior to its publication by the Central Bank (or, where the issuer has its registered office in another Member State of the EEA, by the competent authority of that EEA state, or for non-EEA issuers, by the competent authority of their 'Home Member State').

A prospectus that has been approved by the Central Bank (or similarly the competent authority of a company's 'Home Member State') can, subject to certain notification procedures, be used as a prospectus in all of the Member States of the EU without the requirement for further approvals or administrative procedures in other Member States. This process is known as 'passporting'.

14.2. ESM

A company that is seeking to have its securities admitted to ESM is required to produce an admission document unless the proposed offer of securities is one for which a prospectus is required.

The ESM Rules specify the information that is to be included in an admission document which includes certain information as required by Annexes I to III of the Prospectus Regulation.

There is no requirement for an admission document to be approved by the ISE. However, if the admission document is a prospectus, the approval process as described in section 14A above must be followed by the applicant.

14.3. GEM

To comply with the GEM Rules, a company seeking admission to listing and trading on GEM must produce listing particulars. Listing particulars must include such information as is necessary to enable investors to make an informed assessment of the assets and liabilities, profit and losses, financial position and prospects of the issuer and any rights attaching to the securities.

The GEM Rules set out the minimum information requirements for inclusion in listing particulars and categorizes these information requirements by type of debt security to be listed.

Listing particulars must be submitted to the ISE for approval prior to issue.

15. PROSPECTUS: FILING AND CURRENCY REQUIREMENTS

15.1. Main Market

Once a prospectus is approved, the applicant must immediately file it with the Central Bank and if the applicant is an Irish-incorporated company, it must also file it within fourteen days of its publication with the Registrar of Companies.

A prospectus is valid for a period of twelve months after its publication (provided that, where required in accordance with the Listing Rules, it is updated by the issue of a supplement).

15.2. ESM

An admission document and the application form must be filed with the ISE at least three days before the expected date of admission. A company that has admitted its securities to trading on ESM must make the admission document available to the public for at least one month from the date of the admission of the securities and must also ensure that its most recent admission document is contained on the company's website.

15.3. GEM

Listing particulars, once approved by the ISE, must be filed with the ISE and made available to the public at a reasonable time in advance of the admission to trading of the securities to which it relates. Once filed and published, listing particulars are valid for a period of twelve months.

16. OFFERING SECURITIES: EXEMPTIONS AVAILABLE

The obligation to publish a prospectus does not apply to an offer of securities to the public in Ireland where any one of the following applies:

- (a) the offer is addressed solely to qualified investors (which are entities that are authorized to operate in the financial markets, large business and national governments and in the case of small- to medium-sized enterprises and individuals, those who are included on the register of qualified investors which is maintained by the Central Bank);
- (b) the offer is addressed to fewer than 150 persons, other than qualified investors;
- (c) the offer is addressed to investors where the minimum consideration payable is at least EUR 100,000 per investor for each separate investor;
- (d) the denomination per unit of the securities is at least EUR 100,000;
- (e) the offer expressly limits the amount of the total consideration for the offer to less than EUR 100,000; or
- (f) the offer is a local offer within the meaning of Investment Funds, Companies and Miscellaneous Provisions Act 2005 and meets the conditions set out in that Act, including that the total consideration for the offer is less than €2,500,000.

The obligation to publish a prospectus does not apply to the admission to trading on the Main Market of the following types of securities:

- (a) shares representing, over a period of twelve months, less than 10% of the number of shares of the same class already admitted to trading; and
- (b) securities already admitted to trading on a regulated market of another EEA Member State, subject to certain conditions including that:
 - (i) a prospectus was approved;
 - (ii) the ongoing obligations for trading on that market have been fulfilled; and
 - (iii) a summary containing information on the issuer, the securities and any risks is made available to the public.

17. OFFERING SECURITIES FOR RESALE AND SECONDARY TRADING: FURTHER REQUIREMENTS AND EXEMPTIONS

Overseas companies applying to the Main Market for a secondary listing of equity securities are required to comply with certain of the Listing Rules which apply to all applicants for admission. Included in these requirements are that:

- (a) the company must retain a sponsor both when it makes an application for listing and for the duration of the listing;
- (b) the expected aggregate market value of all securities to be listed must be at least EUR 1 million;
- (c) the securities must be:
 - (i) freely transferable;
 - (ii) fully paid; and

- (iii) free from all liens;
- (d) the securities must comply with the laws of the company's place of incorporation; and
- (e) the applicant must also prepare, have approved and publish a prospectus.

A sufficient number of the shares of the company seeking admission must be held in public hands and in this regard a sufficient number of shares will be taken to have been distributed to the public when 25% are in public hands. The ISE may modify this requirement and accept a lower percentage if it considers that the market will operate properly with a lower percentage taking into account whether there are a large number of shares of the same class in issue and their distribution to the public.

On an ongoing basis, a company that has a secondary listing on the ISE must always comply with the above rule regarding shares held in public hands. It must also comply with the Irish Market Abuse Directive Regulations and the Transparency Directive Regulations and it must notify an RIS as soon as possible with certain information relating to its share capital.

If certain conditions are satisfied, there is no obligation for an issuer with securities already admitted to trading on the regulated market of another EEA Member State to publish a prospectus (see section 16 above).

18. CONTINUING DISCLOSURE REQUIREMENTS AND SUPPLEMENTARY/ REPLACEMENT PROSPECTUSES

18.1. Main Market

A supplementary prospectus must be prepared where significant new factors, material mistakes or inaccuracies relating to the information in a prospectus that are capable of affecting the assessment of the securities arise or are noted between the time that a prospectus is approved and the final close of the offer of the securities to the public or the time when trading on the Main Market begins. Supplements to prospectuses must also be approved by the Central Bank.

18.2. ESM

A further admission document must be prepared by a company whose securities have been admitted to trading on ESM where it is seeking admission of a new class of securities, where it is undertaking a reverse takeover or where it is required to issue a prospectus under the Irish Prospectus Directive Regulations for a further issue of securities.

18.3. GEM

An issuer of GEM securities must prepare and submit to the ISE for approval a supplementary listing particulars if at any time after the approval of its listing

particulars but before the commencement of dealing in its securities the issuer becomes aware that there is a significant change affecting the content of the listing particulars or a significant new matter arises which, if it had arisen before finalization of the listing particulars, would have been required to be included therein.

19. SPECIAL CASES: EMPLOYEE SHARE SCHEMES

The requirement to produce a prospectus in respect of an offer of securities made to the public, as required by the Irish Prospectus Directive Regulations and outlined in section 12 above, is modified for offers arising under employee share schemes. Where securities are offered, allotted or are to be allotted to existing or former directors or employees by their employer or by an affiliated undertaking and the company has its head office or registered office in the European Union, the company must make available a document containing 'information on the number and nature of the securities and the reasons for and details of the offer' instead of a prospectus.

This modification applies also to a company established outside the European Union whose securities are admitted to trading either on a regulated market or on a third-country market. In the case of a third-country market, the information-and-reasons document must be in English and the European Commission must have adopted an equivalence decision regarding the third-country market concerned.

The European Securities and Markets Authority has published guidance (by way of questions and answers) clarifying that where the securities under an employee share scheme are not transferable the Prospectus Directive does not apply.

20. SPECIAL CASES: RIGHTS ISSUES

A rights issue of shares, where the securities being offered fall within the description of 'securities' in section 12 above, requires the production of a prospectus (also in accordance with section 12) unless the rights issue falls within one of the specific exemptions set out in section 16 above.

21. SPECIAL CASES: TAKEOVERS

21.1. Takeovers: Main Market and ESM

Under the Takeover Rules, if an acquisition of securities in a company listed on the Main Market or on ESM were to increase the aggregate holding of the acquirer and parties acting in concert with it (or 'concert parties') to securities carrying 30% or more of the voting rights in the company, the acquirer and, depending on the circumstances, its 'concert parties', would be required (except with the consent of the Irish Takeover Panel) to make an offer for the outstanding shares at a price not less than the highest price paid for the company's securities by the acquirer or its 'concert parties' during the previous twelve months.

This requirement would also be triggered by any acquisition of securities by a person holding (together with its concert parties) shares carrying between 30% and 50% of the voting rights in the company if the effect of such acquisition were to increase that person's percentage of the voting rights by 0.05%.

The Takeover Rules set out mandated and prohibited behaviour for offerors, target companies and others, during and after an offer period and in doing so implement general principles emphasizing the need for fair and equal treatment and full disclosure of information in a takeover situation. While these principles follow those of the London City Code, they are not identical as the Irish general principles retain a principle consistent with the Substantial Acquisition Rules, which no longer apply under the London City Code, but which continue to apply in Ireland.

21.2. Substantial Acquisitions of Shares: Main Market and ESM

The Substantial Acquisition Rules aim to prevent 'dawn raids' and require, among other things, that acquisitions of more than 10% of the share capital of a company listed on the Main Market or on ESM, bringing the acquirer's shareholding to 15% or more, cannot occur within a seven-day period unless the acquisitions are made from a single seller. Once a shareholder has 15% or more of a public limited company's capital, then it must notify the Takeover Panel no later than 12:00 noon on the day following the acquisition of the shares.

21.3. Exchange Offers and Mergers

Where securities are offered to the public in Ireland (or admission to trading of securities on the Main Market is sought) in connection with a takeover by means of an exchange offer, or in connection with a merger, the obligation to produce a prospectus as outlined in section 12 above does not apply if a document that contains information that is regarded by the Central Bank as being equivalent to that of a prospectus in made available.

22. OTHER MATTERS

22.1. Notification of Shareholdings to the Market

22.1.1. Main Market

The Transparency Directive Regulations provide that persons or entities acquiring or disposing of securities in an Irish-incorporated company whose securities are admitted to trading on a regulated market are required to notify both the company and the Central Bank if that acquisition or disposal sends the percentage of voting rights which they hold in that company through or below 3%, and further notifications are required each time that shareholder acquires or disposes of further securities and those acquisitions or disposals send the percentage of voting rights they hold in that company