



# **SPECIFICATION OF THE “START – Public Offer” SYSTEM**

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## **Article 1**

### **Subject Matter**

This document regulates the principles for the operation of the “START – Public Offer” System (hereinafter the “System”), which is used for the public offer of book-entry securities issued pursuant to the laws of the Czech Republic (hereinafter the “Shares”). Public offers may be in the form of an issuer’s proposal for primary subscription of shares or proposal of a shareholder or shareholders for a sale of shares that might be admitted to trading on the START market hereinafter the “public offer”. The START – Public Offer System (hereinafter the “System”) is an electronic system that is operated by the Prague Stock Exchange (Burza cenných papírů Praha, a.s.; hereinafter the “Exchange”) and leased – subject to a fee - to issuers for the purpose of executing public offers.

## **Article 2**

### **System Access**

System access is mainly provided to Exchange members, issuers of shares or their authorized qualified representatives. Issuers of shares that are subject to public offer may also be represented by Exchange members on the basis of a power of attorney (hereinafter the “Authorized Member”).

Moreover, the Exchange may grant access to the System – for the purpose of submitting orders – to an entity interested in subscribing or purchasing shares through the System, on its own account or for the benefit of one or several third parties. However, such entity must comply with the following eligibility criteria:

- It is a securities dealer or a bank or equivalent foreign entity, licensed by the relevant authority of another Member State of the European Union;
- Scope of authorization of such entity for the provision of investment services authorizes it to subscribe or purchase shares through the System, both on its own account and for the benefit of third parties;
- It credibly documents that it features organizational and technical resources to subscribe or purchase shares through the System, including any asset account/accounts for subscription or purchase of shares.

A member shall submit a written application for access to the Exchange; this application must identify the person, who is to receive access credentials issued for an applicant. Based on the application, the Exchange shall enter into an agreement/contract with the user and issue access credentials. These access credentials differ from access credentials for the XETRA Praha® system. Each System user undertakes to use the System with due professional care and in compliance with any instructions and regulations of the Exchange.

The Exchange provides:

- Software that makes it possible to submit (enter) orders within the System or API interface for direct connection of member IT systems;
- Software to issuers or their authorized representatives that may be used to enter the final price and volume of shares subscribed/sold within the public offer in the System;
- User name and password for one authorized person, to be delivered via email and SMS. This person shall then be authorized to create other user profiles within the given entity. Each entity using the System shall be liable for due handling of access credentials by all users created for such entity’s needs.

## **Article 3**

## Orders

Orders may only be submitted in the System by entities, who received access credentials pursuant to Article 2. Each public offer features a unique identification number (public offer ID). Orders are only valid for one announced public offer. Orders are only defined for purchase of shares. The minimum trade size shall be Lots. Lot size is expressed as a number of shares and it shall be determined by the Exchange, upon agreement with an issuer or seller – individually for each public offer. Orders shall meet the following requirements:

Order attribute	Description / contents	Mandatory
Dealer's code	Code of a dealer / user assigned by the Exchange	Yes
Public offer ID	Public offer ID	Yes
Number of units	Requested number of units (corresponds to the number Lots)	Yes
Price	Limit price	Yes
Custodian	Identification of a member, who carries out the settlement	No
Owner	ID of an asset account with the Central Securities Depository Prague	Yes
Asset account number	Number of an account with the Central Securities Depository Prague	Yes
External number	External order number	No
Instruction number	Investor's instruction number	No
Account type	Account type	Yes
Customer identification	Customer identification pursuant to MiFID II	No
Customer type	Customer type pursuant to MiFID II	No

## Article 4

### Public Offer Stages

The time schedule of individual public offer stages shall be determined on a case-by-case basis for each issue by the Exchange.

#### 4.1 Collection of Orders

During the "Collection of Orders" stage, orders are submitted in the System. During this stage, users may cancel their submitted orders at any time. No information about submitted orders shall be provided to the market.

#### 4.2 Collection of Orders – Publication

During the "Collection of Orders – Publication" stage, System users may continue to submit orders in the System or to cancel such orders; however, aggregate information about submitted orders at all price levels is provided to the issuer and the market as a whole.

In compliance with the time schedule for the given public offer in the START Day, the System ends the collection of orders using randomization.

#### 4.3 Price Setting

Once the order collection process is completed, issuers or their authorized representatives are required to submit in the System information about the final public offer price and the number of actually executed shares – within the deadline specified in the given time schedule foreseen for the specific START Day. The allocation rate is then determined and orders are matched by the System in compliance with the principles outlined below.

**Principles for matching orders:**



All orders with limit price greater than or equal to the issue price are satisfied as follows:

- In case the actually executed volume is greater than or equal to the sum of requested volume of all orders, all orders are satisfied in full;
- In case the actually executed volume is less than the sum of requested volume of all orders, all orders are reduced on a pro rata basis.

With regard to proportional reductions, the System automatically:

- Determines the allocation rate for all orders;
- Rounds the allocated volume down to nearest whole Lots;
- Arranges orders – in a descending orders – based on their rounding rate;
- Any remaining Lots are then allocated by the System one by one to each order – based on their rank according to the rounding rate. In case several orders have the same rounding rate, the time priority principle shall be applied to the allocation of any remaining Lots.

#### 4.4 Settlement

- Any public offer transactions executed via the START – Public Offer system shall be settled by the Central Securities Depository Prague (Centrální depozitář cenných papírů, a.s.);
- Transactions are registered in the Central Securities Depository Prague system by the Exchange on behalf of a member of the START – Public Offer system, with settlement date of T+3;
- Public offers shall be settled in compliance with the Settlement System Rules;
- In case of any subscription, the subscribing user of the START – Public Offer system is required to provide financial collateral – as a security for the settlement of the total final price, in the amount corresponding to the total issue price of the shares subscribed by such a user in respective Public Offer – no later than on the day defined in the Settlement System Rules of the Central Securities Depository Prague (Centrální depozitář cenných papírů, a.s.);
- In case the System is used to sell (through public offer) any issued shares, the seller or sellers must always be represented by an Authorized Member, who is also a member of the Central Securities Depository Prague (Centrální depozitář cenných papírů, a.s.) that maintains an asset account to be used for registration any shares subject to sale;

Once the financial collateral is provided, the Exchange registers any and all information pursuant to Section 481(2) of Act No. 90/2012 Coll., on Commercial corporations, in the list of subscribers. The required information of the list of subscribers is specified in an annex hereto.

### Article 5

#### Surveillance of orders and compliance with rules for public offer

Before the commencement and during any Public Offer, the Exchange through its employees is monitoring whether the conditions and rules for public offer set in the relevant laws and regulations<sup>1</sup> and also by this document are fulfilled for the public offers conducted through the START – Public Offer System. The Exchange is entitled to request any information, data and documents from the entities that were allowed to access the system START – Public Offer in order to conduct this surveillance activities.

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<sup>1</sup> Especially the Art. 34 and following off the Act No. 256/2004 Coll., on Undertaking on the Capital Market.



## **Article 6**

### **Revocation and suspension of public offer**

The issuer of persons selling the Shares are entitled to decide on cancelation of relevant public offer and request the Exchange for termination of it in the START – Public Offer System any time after the public offer is launched. In such a case, the Public Offer is permanently terminated in the START – Public Offer System and no shares are issued or sold within this Public Offer. The termination cannot be requested after the collection of orders is ended and the Public Offer is properly closed in a day and time set by the Exchange. The Public Offer cannot be only suspended after once launched.

## **Article 7**

### **Termination of Public Offer by the Exchange**

The CEO of the Exchange or its deputy is entitled to terminate any Public Offer conducted in the START – Public Offer System (i.e. Public Offer). This shall happen especially in the cases when the Exchange reveals that the public laws or the Exchange regulations has been breached after the Public offer was launched and also in the cases when this measure is taken in order to protect the investors or the proper functioning of the START – Public Offer System. The person or person conducting such Public Offer are not entitled to remuneration of any costs that occurred in relation to this particular Public Offer and are not entitled also to any damages or any other claims related to the termination of respective Public Offer.

## **Article 8**

### **Publication of the Public Offer results**

At the end of each START Day, the results of public offers for respective START Day are published electronically on the START market website after the public offers are closed.

## **Article 9**

### **Inducements**

The Issuer or selling shareholder(s) are entitled to offer the payment of a financial reward to the Users of the system START – Public Offer as a remuneration for activities and services conducted in relation to the Public Offer launched by such a person (hereinafter as the “Inducement”). The information on the Inducements has to be properly disclosed and communicated to the investor public in such a case in order to ensure the Inducement is provided transparently (e.g. in the prospectus and in other publication and documents prepared and published before the launch and during the Public Offer).

Every START – Public Offer System User has the right to refuse the Inducement. The START – Public Offer System Users that accept the Inducement shall inform their clients interested in subscription or in a purchase of respective shares on this fact. The administration of receiving of such Inducements has to be also done in full compliance with relevant laws.

The Exchange may administrate the payment of Inducement after the Public Offer is ended, if the Issuer of selling shareholder(s) are interested. This administration shall be done after the Exchange is expressly requested. In such a case, the offering person(s) (the Issuer or selling shareholder or shareholders) shall made the public commitment to provide the Inducement to all the START – Public Offer System Users that are interested in receiving the Inducement. The Exchange shall administrate the payment of the Inducement on the basis of a written agreement with the offering person. This agreement shall be concluded on or until the day when the Public Offer is to be closed.



## **Article 10**

### **Final Provisions**

This version of the Specification of the “START – Public Offer” System regulation was approved by the CEO of the Prague Stock Exchange (Burza cenných papírů Praha, a.s.) on 17<sup>th</sup> September 2018; it shall come into effect on 24<sup>th</sup> September 2018.



## Glossary

**“START – Public Offer” System** – a system of the Exchange used to collect orders relating to public offers of book-entry securities conditionally admitted to trading on the START market.

**Public Offer** – public offer by means of the START – Public Offer System; it may be in the form of primary subscription of shares by an issuer or sales by existing shareholders – or a combination of the two.

**Issuer** – a joint-stock company, shares of which are subject to a public offer;

**Authorized Member** – a member of the Exchange, who represents an issuer in submitting the public offer price and executed volume of securities. Authorized Member acts on the basis of a power of attorney given by an issuer.

**START – Public Offer System User** – a member of the Exchange or another entity, who received access to the START – Public Offer System from the Exchange.

**Public Offer Price** – final price for the purpose of the public offer settlement within the START – Public Offer System – to be determined by an issuer.

**Lot** – minimum trade size, specified in units.

**Start Day** – a day, on which the share price is determined in the course of the public offer, together with allocation rate and order matching.

**Allocation Rate** – an order satisfaction rate; a percentage rate of executed to requested number of shares.

**Rounding Rate** – a difference between the specified number of Lots based on the Allocation Rate and the rounded number of Lots – rounded down to the nearest whole Lot.

**Accounting Day** – a business day, on which the Central Securities Depository Prague (Centrální depozitář cenných papírů, a.s.) settles any executed transactions.





## Annex

### Minimal requirements on content of the list of subscribers

In accordance with the provision 4.4 of this regulation, the Exchange is entitled to make all relevant steps related to the completion and finalization of the list of subscribers. The list of subscribers shall contain at least the following information related to the issue of shares, Issuer and subscribers<sup>2</sup>:

- 1) Abbreviated name of issue,
- 2) ISIN of issue,
- 3) Type and form of subscribed shares, their number and nominal value, issue price of shares,
- 4) Information that the shares are book-entry shares,
- 5) Name, business name or similar name of the subscriber,
- 6) Address or registered seat of the subscriber, or alternatively similar information related to the subscriber,
- 7) Number of the asset account to which the shares shall be issued,
- 8) Signature of the subscriber, or alternatively of a person empowered to sign the list of subscribers on behalf of the subscriber on basis of a power of attorney according to the relevant laws,

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<sup>2</sup> In accordance with the requirements laid down in Art. 481 (2) of the Act No. 90/2012 Coll., on Business Corporations.