

Rulebook on the contents and manner of public companies' reporting and notification on possession of voting shares



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In the event there may be discrepancies which arise between the Serbian and English versions of the document, the Serbian version is the legally binding document.

Pursuant to the Article 220, paragraph 1, items 1) and 9) and with reference to the Article 63, Article 64, paragraph 3, Article 66, paragraph 2, Article 67, paragraph 5, and Article 68, paragraph 2 of the Law on the Market of Securities and Other Financial Instruments (“RS Official Gazette”, no. 47/2006), the Securities Commission hereby issues

Article 1

This Rulebook shall govern the following:

- 1) Manner and deadlines for submission of financial statements and reports on audit of financial statements of a public company whose securities have been included in the regulated market;
- 1) Contents and manner of disclosure of excerpts from financial statements of a public company;
- 2) Contents and manner of disclosure of the annual report on business activities of a shareholder company whose shares are included in the regulated market;
- 3) Contents and manner of disclosure of the statement on the semiannual business plan of a shareholder company whose shares are included in the regulated market;
- 4) Contents and manner of disclosure of the reports on significant events and content of the request by the public company that the report on a significant event should not be disclosed;
- 5) Contents and manner of disclosure of notification on the possession of voting shares.

MANNER AND DEADLINES FOR SUBMISSION OF FINANCIAL STATEMENTS AND REPORTS ON AUDIT OF FINANCIAL STATEMENTS OF PUBLIC COMPANIES WHOSE SECURITIES ARE INCLUDED IN THE REGULATED MARKET

Article 2

A public company (open shareholder companies, as well as all other legal entities which issued debt securities through a public offer, until the maturity date of such securities) whose securities are included in the regulated market (stock exchange and over-the-counter market) shall be obliged to submit to the Commission, market organizer and broker-dealer company with which it has concluded a contract, the following documents:

- 1) Adopted annual financial statement prepared in compliance with the law governing accounting and audit – not later than 31 March of the current year for the previous business year;
- 2) Adopted report on the completed audit of the annual financial statement prepared in compliance with the law governing accounting and audit – eight days upon the completion of audit and not later than 15 July of the current year for the previous business year;

A public company whose securities are traded in the stock exchange market shall be obliged to also prepare and submit to the Commission, market organizer and the broker-dealer company with which it has concluded a contract, the adopted semiannual financial statement – by 31 August of the current year at the latest.

Should the competent authority of the issuer reject the annual financial statement and report on the completed audit of the annual financial statement, the issuer shall be obliged to accordingly notify the Commission and regulated market in which the public company's securities are traded not later than the following business day upon the date of rejection of the report and to submit the certified transcript of minutes from the session at which the report was considered, as well as to publish the

decision on rejection in a daily newspaper distributed on the whole territory of the Republic.

A broker-dealer company with which the public company has concluded an appropriate contract shall be obliged, immediately upon receiving the financial statement, and/or audit report and based on the issuer's order, to update the appropriate data in the issuer's prospectus available in the regulated market.

CONTENTS AND MANNER OF DISCLOSURE OF EXCERPTS FROM FINANCIAL STATEMENTS OF A PUBLIC COMPANY

Article 3

The excerpt from the financial statement of a public company, prepared in compliance with the regulations governing accounting, shall contain:

- 1) Business name and head office, identification code and tax identification number of the public company;
- 2) Data from the balance sheet, income statement, cash flow report and the report on changes of capital, both for the business year to which the financial statements pertain and for the previous business year (in summary form and in the manner prescribed by the Commission form);
- 3) Closing opinion of the auditor on financial statements;
- 4) Statement on important changes of the legal and financial status of such company and other relevant changes from the prospectus;
- 5) Time and place where the full financial statement and report on audit of the financial statement of a public company are available for review.

Legal entities preparing consolidated financial statements shall be obliged to state in the excerpt from the financial statement:

- 1) Basic data on companies that are subject to consolidation (business name, business address, activity, organizational form and data on holding in capital);
- 2) Data referred to in paragraph 1 of this Article from these consolidated reports.

Public companies are obliged to publish an excerpt from the financial statement in a daily newspaper distributed in the whole territory of the Republic of Serbia, not later than three days upon submission of the adopted audit report to the Commission, market organizer and broker-dealer company.

The copy of the published excerpt shall be submitted to the Commission and regulated market in electronic form.

The form of an excerpt from financial statements is available on the Commission website.

CONTENTS AND MANNER OF DISCLOSURE OF THE ANNUAL REPORT ON BUSINESS ACTIVITIES OF A SHAREHOLDER COMPANY WHOSE SHARES ARE INCLUDED IN THE REGULATED MARKET

Article 4

A shareholder company whose shares are included in the regulated market (stock-exchange or over-the-counter market) shall be obliged to publish the annual report on business activities in a daily newspaper distributed in the whole territory of the Republic (and to post it on its website). The annual report on business activities shall be published not later than 30 days upon submission of the adopted audit report to the Commission, market organizer and broker-dealer company.

The company shall be obliged to submit the annual report on business activities to the Commission and market organizer at the same time, in hard copy and electronically.

The annual report on business activities of a shareholder company shall contain:

I General data

- 1) Business name, head office and address, identification code and tax identification number of the shareholder company;

- 2) Website and e-mail address;
- 3) Number and date of the resolution on entry into the registry of business entities;
- 4) Activity (code and description);
- 5) Number of employees;
- 6) Number of shareholders;
- 7) 10 largest shareholders (name and surname, business name of a legal entity with the number of shares and holding in the initial capital);
- 8) Value of the initial capital;
- 9) Number of shares issued (ordinary and preference shares, with ISIN number and CFI code);
- 10) Data on subsidiary companies (up to five most important subjects of consolidation) – business name, head office and business address;
- 11) Business name, head office and business address of the audit firm which audited the most recent financial statement;
- 12) Business name of the regulated market in which the shares have been included.

II Data on the company's management

- 1) State all the members of the management

Provide the following information about the chairman and members of management:

- Name, surname and place of permanent residence;
- Education,
- Present employment (business name of the company and position),
- Membership in boards of directors and supervisory boards of other companies,
- Net compensation amount paid out,
- Number and percentage of shares they hold in a shareholder company;

- 2) State all the members of the supervisory board.

Provide the following information about the chairman and members of the supervisory board:

- Name, surname and place of permanent residence,
- Education,
- Present employment (business name of the company and position),
- Membership in boards of directors and supervisory boards of other companies,
- Net compensation amount paid out,
- Number and percentage of shares they own in the shareholder company.

- 3) State whether the management of the company has adopted the written code of conduct and the web site where the code is posted.

III Data on the Company's Business Activities

- 1) The management's report on the implementation of the adopted business policy, stating the cases and reasons for exceptions and other principal issues pertaining to the management of business activities;

2) The analysis of realized income, expenses and operating results, income by activity, description of main products and services, placing special emphasis on solvency, liquidity, cost-effectiveness, profitability of the company and its market value, as well the effects of changes in the company's legal status (status changes).

State:

- Return on total capital,
- Net return on own capital,
- Net operating profit,
- Degree of indebtedness,
- I and II degree of liquidity,
- Net working capital,

- Share price – highest and lowest price in the reporting period, if the shares were traded (especially for ordinary and preference shares),
 - Market capitalization,
 - Profit per share,
 - Paid dividend per ordinary and preference share for the last 3 years, year by year;
- 3) Information on the company's achievements by segments (formed on production and geographical basis), pursuant to the requirements of IAS 14, as follows:
- Proceeds from sale to external buyers,
 - Proceeds from sale to other segments within the same company,
 - Results of each segment,
 - Assets and liabilities of the segments,
 - Primary buyers and suppliers (a buyer with over 10% participation in total income of the company, and/or a supplier with over 10% participation in the company's total liabilities toward suppliers),
 - Manner of setting transfer prices;
- 4) State and explain each change above 10% compared to the previous year in:
- Assets and liabilities (shown by positions contained in the excerpt from financial statements),
 - Net profit and/or loss of the company;
- 5) State the cases where there is uncertainty with regard to income collection or potential future costs that may significantly impact the financial position of the company;
- 6) Information on the status (number and %), acquisition, sale and cancellation of own shares;
- 7) Investing into research and development of the main activity, information technology and human resources;
- 8) State the amount, manner of creation and use of reserves in the last two years;
- 9) State all significant business events which occurred from the day of balancing until the day of report submission;
- 10) Substantiate other significant changes of data contained in the prospectus which are not listed above.

IV Other

If certain issues have not been covered by the above items and are relevant for the understanding of legal and financial status and yield of a shareholder company, as well as for the valuation of its securities, the company may state and explain such issues here.

The company shall be responsible for the accuracy and authenticity of data stated in the Report, in the same manner as it is responsible for the accuracy and authenticity of data stated in the prospectus.

CONTENTS AND MANNER OF DISCLOSURE OF THE STATEMENT ON THE SEMIANNUAL BUSINESS PLAN OF A SHAREHOLDER COMPANY WHOSE SHARES ARE TRADED IN THE REGULATED MARKET

Article 5

The management of a shareholder company whose shares are included in the regulated market shall be obliged to make a statement on the company's semiannual business plan and to publish it in a daily newspaper distributed in the whole territory of the Republic.

The statement referred to in paragraph 1 shall contain the following:

- 1) Business name, head office and address, identification code and tax identification number of the shareholder company;
- 2) Web site and e-mail address;
- 3) Number and date of the resolution on entry into the registry of business entities;
- 4) Activity (code and description);
- 5) Information on the chairman and members of the Board of Directors (name and surname);

6) Main data on the semiannual business plan for the current business year, including data on significant material events and transactions performed until the date of publishing which have a significant impact on the company's financial position, performance and cash flows.

The shareholder company shall be obliged to publish the statement referred to in the paragraph 1 pertaining to the first half of the current year in the period from 15 March to 15 May of the same year.

The shareholder company shall be obliged to publish the statement referred to in the paragraph 1 pertaining to the second half of the current year in the period from 15 September to 15 November of the same year.

In addition to the data prescribed for the second half of the year, the statement referred to in the previous paragraph shall also contain the plan for the first half of the year and the overview of its implementation.

The shareholder company shall be obliged to submit the copy of the statement to the Commission and regulated market in which the company's shares have been included at the same time, and to post it on its web site.

REPORT ON SIGNIFICANT EVENTS OF PUBLIC COMPANIES

Article 6

Upon the occurrence of circumstances which may significantly impact business activities of a public company and the price of its securities, provided that these are not generally known circumstances, the public company shall be obliged to promptly issue a public announcement on such circumstances (report on significant events) in a daily newspapers distributed on the whole territory of the Republic.

Significant events shall pertain to the following:

- 1) Calling an assembly session of the shareholder company;
- 2) Holding an assembly session of the shareholder company;
- 3) Board of Director's decision on determining dividends day;
- 4) Capital increase on issuing shares to identified buyers, pursuant to Article 54 of the Law;
- 5) Significant changes in property value upon which the price of securities depends, issued by such public company, in case when such data have not been disclosed in some other manner;
- 6) Acquisition of own shares (above 10%);
- 7) To block each business account during consecutive 8-day period;
- 8) Valid decisions of competent courts and management bodies, the execution of which significantly influence financial standing of the public company;
- 9) Other significant facts and circumstances affecting objective assessment of the public company standing in regard with yield, finances and legislation, and assessment of the securities issued by such company.

Market organizer may require disclosure of additional information related to significant events that emerged, if it is assessed that it is in the interest of the investors.

If a public company does not publish data per market organizer's request, the market organizer shall inform the Securities Commission on its request submitted to the public company and reasons for rejecting disclosure of data.

Article 7

In addition to the data referred to in Article 6 of this Rulebook, the report on significant events must contain the following:

- 1) Business name, head office and business activity of the public company;
- 2) Title of the report;
- 3) Statement showing that the report has been prepared in compliance with Article 64 of the Law;
- 4) Detailed description of events;
- 5) Data on time and place of holding shareholders' assembly session, terms and conditions for

participating in the assembly session and manner of exercising voting right, agenda and draft decisions that the assembly should adopt, time and place where the articles of association and other enactments are available for reviewing, in case when the report relates to calling an assembly session of a shareholder company;

6) Contents of significant events adopted in shareholders' assembly session, when the report relates to holding such an assembly session, in particular decisions on:

- Allocation of company's profit,
- Amount and manner of paying out dividend,
- Determining as of "day", as the date that precedes the day when dividends are paid out, whereby the right to receive dividend payment is confirmed for the persons registered as shareholders, regardless of the possibility that on the payment day shareholder may be different person.
- Date of paying out dividend,
- Issuing new securities;

7) Information about type, class and number of securities sold, issued without public offer, to identified buyers, stating the type of investor.

In case of informing public company on calling and holding shareholders' assembly session on agenda items relating to adoption of articles of association, and/or other general enactments of the company, instead of stating contents of articles of association or other general enactment it could only be stated where the contents of the abovementioned documents are available.

Article 8

Public company shall without delay issue a public announcement (report on significant event) and shall, at the same time, submit a report to the Commission and market organizer and make it available on its website.

Article 9

Market organizer in which public company's securities are being traded, shall enable disclosure of the report on its website that public companies are obliged to disclose in compliance with Article 2, paragraph 1, item 2, Articles 3 and 4 and Article 7 of this Rulebook.

Public company that discloses reports in compliance with Article 2, paragraph 1, item 2, Articles 3 and 4 and Article 7 of this Rulebook shall provide the report in writing to the interested party without delay, after such party submitted a request.

Public company that is obliged to disclose reports in compliance with Article 2, paragraph 1, Articles 3 and 4 and Article 7 of this Rulebook shall disclose such reports in the manner which does not put investors and other interested parties in an inferior position.

Market organizer referred to in paragraph 1 of this Article, shall define in detail, in its rules, terms and conditions for disclosing reports of public companies, manner in which public companies submit those reports to the market organizer and manner of keeping records on submitted and disclosed reports of public companies.

The records referred to in paragraph 5 of this Article shall contain in particular:

- 1) Business name, head office and business activity of the public company;
- 2) Title of the report;
- 3) The date and place of disclosure.

Article 10

Public company cannot provide date from the reports, disclosed in compliance with the provisions of this Rulebook, to other persons prior to disclosing such reports.

Article 11

When there are justified reasons that the public disclosure of significant events would seriously jeopardize business operations of the public company, such company shall submit request to the Securities Commission for adoption of a resolution on cancelling of obligation to report on stated

significant event.

Report referred to in paragraph 1 of this Article shall contain the following:

- 1) Business name, head office, identification code and tax identification number of the public company;
- 2) Business name of the market organizer in which issuer's securities are included;
- 3) Description of events and explanation of reasons for non-disclosure.

Together with the request referred to in paragraph 2, the following shall be submitted:

- 1) A proof that there are reasons referred to in paragraph 1 of this Article for non-disclosure of data and that non-disclosure of data cannot create a false image with investors regarding public company and securities issued by such company.

Public company shall be responsible for accuracy and authenticity of data stated in the request in the same manner as for accuracy and authenticity of data stated in the prospectus.

The request referred to in paragraph 1 of this Article shall be submitted without delay upon occurrence of the significant event that the request relates to.

Having considered submitted request and attached documentation, the Securities Commission may adopt a resolution on cancelling of obligation to report on stated significant event.

CONTENT AND MANNER OF DISCLOSING NOTIFICATION ON POSSESSION OF VOTING SHARES AND RESPONSIBILITY FOR THE AUTHENTICITY OF DATA

Article 12

Person acquiring or having at its disposal voting shares of the same shareholders company together with related persons, so that their participation in managing such a company reaches, exceeds or falls below 5%, 10%, 25%, 33%, 50%, 66%, 77% or 95% of total number of votes in the assembly of such a company, shall inform on the abovementioned issues the issuer of such shares, the Securities Commission and Commission for Protection of Competition, within three days since the day of subscribing such changes to the Central Securities Depository and Clearing House.

Article 13

Notification shall contain the following:

- 1) Business name, head office, identification code and tax identification number for legal entities, and/or name and surname, Identification Code and address for physical persons that are making acquisition, as well as for all related persons);
- 2) Business name, head office and Identification Code of a shareholder company, whose shares are subject of acquisition;
- 3) Number and CFI code и ISIN number of shares being acquired;
- 4) Holding of a person that is making an acquisition and persons related to such a person, prior and after acquisition, and/or management of shares in the total number of votes in company's assembly (in %);
- 5) Legal grounds for acquisition (sale contract, gift contract (deed), court ruling);
- 6) Date, time and place of acquisition of shares, and/or date of the occurrence of change in holding, prescribed by Article 12, paragraph 1;
- 7) Name, surname, date and signature of a person submitting a notification.

Article 14

Person making an acquisition, and/or person related to it, shall submit directly or via post office in writing a notification to the shareholder company, Securities Commission and Commission for Protection of Competition, in case of change in holding without additional acquisition, prescribed by Article 12.

If persons, referred to in paragraph 1 of this Article, do not act in compliance with and within deadline stipulated by Article 68 of the Law, the Commission shall, by means of resolution, determine that the acquirer does not have voting right as of the time resolution is adopted by the

Commission, for the number of acquired shares exceeding the threshold stipulated by Article 68 of the Law, for which it did not fulfill the obligation on disclosure.

Article 15

The Securities Commission cannot provide date from the notification to other persons prior to disclosing such data in compliance with Article 17 of this Rulebook.

Article 16

On the effective date of this Rulebook, the Rulebook on Contents and Manner of Public Companies' Reporting ("RS Official Gazette", No 102/2003) and Rulebook on Disclosing Notification on Possession of Shares with Voting Rights ("RS Official Gazette", Nos 102/2003 and 10/2006) shall no longer be effective.

Article 17

This Rulebook shall come into force on the next day following its publication in the "Official Gazette of the Republic of Serbia" and shall be applied when the new Law on the Market of Securities and Other Financial Instruments comes into force ("RS Official Gazette", No 47/06).

No 2/0-02-501/6-06

Belgrade, 10th November 2006

No 2/0-02-501/30-06

Belgrade, 21stDecember 2006

CHAIRMAN OF THE COMMISSION

Milko Štimac, signed

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