SLOVENIA

SECURITIES MARKET ACT

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SECURITIES MARKET ACT

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All effort has been made to ensure the accuracy of this translation, which is based on the original Slovenian text. All translations of this kind may be nevertheless subject to a certain degree of linguistic discord. In case of any uncertainties regarding the English translation the questions may be addressed to:

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The original text of this act is written in the Slovenian language; in case of any doubt or misunderstanding, the Slovenian text shall therefore prevail.

SECURITIES MARKET ACT (ZTVP-1)

(Zakon o trgu vrednostnih papirjev)

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SECURITIES MARKET ACT

1. GENERAL PROVISIONS

Securities Market Agency

Article 1

(1) The Securities Market Agency (hereinafter: Agency) shall supervise and implement other tasks and responsibilities stipulated in:

1. this Act;

2. the Act on Investment Funds and Fund Management Companies (Official Gazette of the RS, Nos. 6/94, 25/97, 32/97 – amended, 10/98, and 26/99; hereinafter: ZISDU);

3. the Takeovers Act (Official Gazette of the RS, No. 47/97; hereinafter: ZPre);


(2) The Agency shall implement their duties and responsibilities in order to ensure that the provisions of the acts referred to in the first paragraph and any amendments thereto and the regulations issued on the basis thereof are complied with and, thereby, to create conditions for the efficient operation of the securities markets and inspire investors’ confidence in those markets.

Adjustment of Tolar amounts

Article 2

The Government of Slovenia shall, at the Agency’s proposal, adjust the Tolar amounts laid down in Article 80, the second paragraph of Article 117 and the second paragraph of Article 279 herein if, according to the Bank of Slovenia’s exchange rate, the relation of the Tolar to the Euro changes by more than 10%.

2. BASIC PROVISIONS

Securities

Article 3

(1) Securities pursuant to this Act shall be shares, bonds and other serial securities.

(2) Serial securities shall be securities which are issued at the same time by the same issuer and to which equal rights and obligations attach.

(3) Debt securities pursuant to this Act shall be bonds and other serial securities that obligate the issuer to pay the holder the principal and any interest or other returns.

(4) Marketable securities pursuant to this Act shall be securities that are traded on an organised market. Other securities shall be non-marketable securities.
(5) Securities pursuant to this Act shall also be serial securities, issued by an individual issuer of shares or bonds, which give the holder the right to buy shares or bonds of the same issuer on a certain date and/or within a certain period and at a previously determined or determinable price.

Initial and secondary offerings of securities

Article 4

The initial offering of securities shall be the offering of securities on the basis of the issuer's offering at the time the securities are issued. All other offerings of securities shall be secondary offerings.

Public and non-public offering of securities

Article 5

(1) Initial public offering of securities shall be the offering on the basis of the issuer's public offering of securities.

(2) Secondary public offering of securities shall be the offering of securities on the basis of the holder's public offering of securities or the offering of securities carried out on an organised securities market.

(3) Any agreement on the offering of securities which is not made in accordance with the first or second paragraphs hereunder shall be deemed a non-public offering.

Derivative financial instruments

Article 6

(1) Derivative financial instruments pursuant to this Act shall be those rights whose price is directly or indirectly dependent on the price of securities, foreign currencies or goods or interest rates and which are not securities referred to in Article 3 herein.

(2) Standardised financial instruments shall be derivative financial instruments which

1. are admitted to the organised market of derivative securities by the organiser of this market, and

2. give the holder equal rights.

Public offering of securities

Article 7

(1) The public offering of securities shall be a published invitation addressed to an undefined circle of persons to subscribe for securities in the event of an initial offering or to buy securities in the event of secondary offerings.

(2) Public offering of securities may only be carried out according to the procedure and under the conditions stipulated in this Act.

Publicly held company

Article 8

(1) A publicly held company pursuant to this Act shall be a company or other legal entity – issuer of securities which successfully carried out the initial public offering of those securities in compliance with the provisions of this Act and/or obtained the authorisation for organised trading granted by the Agency.
(2) Publicly held companies shall be obliged to make reports on their financial standing, legal status and any business events which might significantly affect the price of securities according to the method stipulated in this Act.

(3) Notwithstanding the provision of the second paragraph hereunder, the provisions of Chapter 4 herein shall not apply when the issuer of securities is the Republic of Slovenia or the Bank of Slovenia.

Organised market

Article 9

(1) The organised securities market shall be the securities market directly or indirectly accessible by the public on which trading is regular and which is organised and supervised by responsible authorities.

(2) Organised securities markets shall be the stock exchange and the over-the-counter market.

(3) Securities may only be traded on organised markets if the issuer has successfully carried out the initial public offering of securities in question pursuant to the provisions of this Act and/or obtained the authorisation for organised trading granted by the Agency.

(4) The stock exchange shall be the securities market in which the securities traded are those referred to in the third paragraph hereunder which were admitted to listing on the stock exchange.

(5) The over-the-counter market shall be the organised securities market in which the securities traded are those referred to in the third paragraph hereunder which were not admitted to listing on the stock exchange.

(6) Admission to listing on the stock exchange shall be the stock exchange's decision on admitting a security meeting conditions stipulated in this Act and in the documents of the stock exchange to listing in the stock exchange.

Stockbroking company and bank

Article 10

(1) A stockbroking company pursuant to this Act shall be a company with its head office in the Republic of Slovenia which has obtained the authorisation granted by the Agency to provide services relating to securities.

(2) A bank pursuant to this Act shall be the bank which has obtained the authorisation to provide services relating to securities granted by the Bank of Slovenia in accordance with the Banking Act (Official Gazette of the RS, No. 7/99 – hereinafter: ZBan).

(3) The provisions of this Act referring to stockbroking companies shall also apply to the banks referred to in the second paragraph hereunder, unless otherwise stipulated in this Act.

(4) Notwithstanding the provision of the third paragraph hereunder, the provisions of chapter 6 shall not apply to banks unless otherwise stipulated in ZBan or regulations issued on the basis thereof.

Participation and qualifying holding

Article 11

(1) Pursuant to this Act, an individual entity shall participate in another entity if it holds a direct
holding, indirect holding, shares or other rights on the basis of which it participates in the management of another entity or its capital with a share of 20% or more.

(2) A qualifying holding pursuant to this Act shall be a direct holding, indirect holding, shares or other rights on the basis of which the holder acquires 10% of the voting rights or shares in the capital of a certain legal entity.

Related entities and indirect investments

Article 12

(1) Related entities pursuant to this Act shall be legally independent entities related in terms of either management, capital or other aspects, so that they either, due to the said relations, jointly formulate their business policy and perform concerted actions so as to attain joint business objectives, or one of the entities can direct the other or exert significant influence upon its decision-making process as regards financing and business, or the operations of one entity or its business results significantly influence the operations or business results of another entity.

(2) Related entities pursuant to this Act shall, in particular, be entities mutually related:

1. as close relatives;
2. by an entity or entities deemed to be related entities pursuant to other points hereunder which participate in another entity either jointly, directly or indirectly;
3. by the same entity or the same entities deemed to be related entities pursuant to other points hereunder which participate in the two entities in question;
4. by constituting a contractual concern or concern between relations of equal status pursuant to the Companies Act (Official Gazette of the RS, Nos. 30/93, 29/94, 82/94 and 20/98 - hereinafter: ZGD);
5. as members of either the management or supervisory boards, or as persons employed on the basis of an employment contract to which the tariff section of the collective agreement is not applicable, related to the company in which they perform such a function or in which they are employed, and the close relatives of such a person.

(3) Close relatives of an individual person pursuant to this Act shall be:

1. that person’s spouse or a person with whom they cohabit in a long-term domestic relationship that, under the law governing marital union and family relations, is equivalent in status to marital union;
2. children or adoptive children of a person lacking full legal capacity;
3. other persons lacking full legal capacity and being under the person's guardianship.

(4) Controlled companies and controlling companies pursuant to this Act shall be controlled companies and controlling companies under Article 462 of ZGD.

(5) Controlling pursuant to this Act shall be the relationship between a controlled company and a controlling company, or a similar relationship between any individual and legal entity.

(6) Should this Act stipulate that a stockbroking undertaking must not hold investments in a certain legal entity, this prohibition shall apply to both direct and indirect investments.

(7) Indirect investments shall be investments in those entities related to a certain legal entity referred to in the sixth paragraph hereunder.

Indirect acquisition
Article 13

(1) An indirect holder of shares, holdings or other rights ensuring participation in the management of capital shall be a person on whose account another person, as a direct holder, has acquired the said shares, holdings or other rights ensuring participation in management.

(2) An individual person shall be considered to be an indirect holder of shares, holdings, other rights ensuring participation in management or other securities, if the direct holder thereof is a person related to the person in question.

Member State entity and foreign entity

Article 14

(1) An entity of the Member State of the European Communities acting within the framework of the European Union (hereinafter: Member State) shall be an individual with permanent residence in that Member State's territory and/or a legal entity with its head office in that Member State's territory.

(2) A foreign entity pursuant to this Act shall be an entity with its head office and/or permanent residence outside the territories of the Republic of Slovenia or Member State.

3. PUBLIC OFFERING OF SECURITIES

3.1. General

Initial and secondary offerings of securities

Article 15

(1) The initial offering of securities shall be the offering of securities on the basis of the issuer's offering at the time the securities are issued. All other offerings of securities shall be secondary offerings.

(2) Notwithstanding the first paragraph hereunder, an initial offering shall also be deemed any offering performed by a stockbroking company as the seller who, on the basis of an agreement on provision of services relating to initial offerings of securities with mandatory buyout, bought securities from the issuer with the purpose of their further offering if such an offering was carried out within the time period referred to in Article 33 herein.

(3) The following shall not be deemed an initial offering:

1. the issue of securities with the purpose of exchanging the existing securities in the event of acquisition, merger or separation of companies,

2. the issue of securities with the purpose of exchanging the existing securities due to a change in the nominal value,

3. the issue of securities in the event of conversion of a limited company or another legal entity into a public limited company, if shares will only be held by the existing partners and/or founders,

4. the issue of shares in the event of capital increase out of retained earnings,

5. the issue of shares in the event of conditional capital increase.

Definition of public offering

Article 16

A public offering of securities shall be a published invitation addressed to an undefined circle of
persons to subscribe for securities in the event of an initial offering or to buy securities in the event of secondary offerings.

3.2. Initial offering of securities

3.2.1. General

Statutory public offering

Article 17

The initial offering of securities may only be carried out on the basis of a public offering and according to the procedure laid down in this Article, unless otherwise stipulated in this chapter.

Initial offering without public offering

Article 18

(1) No public offering shall be required for the initial offering of securities in the following events:

1. establishment of a public limited company through a simultaneous subscription of all the shares by the incorporators,

2. offering of shares intended for a maximum of fifty previously known persons who oblige themselves to buy the entire series,

3. when an individual security offered bears a nominal amount of at least 5,000,000 SIT,

4. when shares are issued in order to increase capital out of new stakes in a company other than a publicly held company if all shares are taken by the existing shareholders,

5. when shares are issued in order to increase capital out of new stakes if the entire issue of shares is paid in assets in kind brought in,

6. in other events if the issuer obtains approval from the Agency to carry out an initial issue without the public offering of securities.

(2) The Agency shall grant the approval referred to in point 6 of the first paragraph hereunder if the issuer proves that the issue is intended for previously known well-informed investors.

3.2.2. Authorisation for initial public offering and notification of offering

Authorisation for initial public offering

Article 19

(1) Prior to announcing an initial public offering, the issuer shall be obliged to obtain authorisation for the initial public offering to be granted by the Agency.

(2) Notwithstanding the provision of the first paragraph hereunder, the Agency's authorisation for initial public offering shall not be required in the following events:

1. when the issuer of securities is either the Republic of Slovenia or the Bank of Slovenia,

2. when securities are issued by investment funds established according to a special act.

(3) Prior to any intended offering of securities referred to in point 1 of the second paragraph hereunder, the issuer of securities shall be obliged to inform the Agency accordingly.

Application for authorisation for initial public offering
Article 20

(1) Authorisation for initial public offering shall be granted by the Agency following a written application filed by the issuer.

(2) The application referred to in the first paragraph hereunder must contain:

1. firm name, head office and company identification number, unless a new public limited company is being established,

2. the value of the entire issue,

3. amounts of individual securities and rights attaching to them.

(3) The application referred to in the preceding paragraph must be equipped with:

1. two copies of a draft prospectus for public offering including the data stipulated in Article 22 herein,

2. a report on the audited annual financial statements of the issuer for the period of the last three years of operation or, if the issuer was established more recently, for a shorter period,

3. a report on the audited and consolidated annual financial statements of the issuer for the period of the last three years of operation if the issuer is obliged, pursuant to the provisions of the Companies Act or on the basis of the second paragraph of Article 63 herein, to compile these,

4. a valid resolution on the issue of securities,

5. by-laws in the form of a notarially attested copy if the issuer is a public limited company,

6. a copy from the Companies’ Register unless the shares are issued due to the successive formation of a public limited company,

7. a draft abstract from the prospectus including the data stipulated in Article 22 herein,

8. a draft public announcement for subscribing and paying-in including the data stipulated in Article 31 herein,

9. other documents from which it is evident that the application for authorisation is sound.

(4) If the issuer is a local government body it shall be obliged to submit, instead of the report on audited annual financial statements referred to in point 2 of the third paragraph hereunder, the approval of the minister responsible for finance.

Adopting decisions with regard to the initial public offering

Article 21

(1) The Agency shall grant an authorisation for initial public offering if it is established that the prospectus, abstract from prospectus and public announcement for subscribing and paying-in include all data referred to in Articles 22 and/or 31 herein and that those data are in line with the documents submitted.

(2) Notwithstanding the provision of the first paragraph hereunder, the Agency shall refuse to grant the authorisation if it is evident from the documents submitted that a resolution on the issue of securities is either in contravention of the law or was not adopted in accordance with the prescribed procedure.

(3) Notwithstanding the provision of the first paragraph hereunder, the Agency shall also refuse to
grant the authorisation for initial public offering of a new issue of securities of a publicly held company if the Agency has previously served that company a decision on the violation of obligations referred to in the fourth paragraph of Article 69 herein and the company has not yet eliminated those violations.

(4) If the Agency has refused to grant the authorisation on the basis of the third paragraph hereunder, the publicly held company in question may, upon the Agency issuing a decision referred to in the third paragraph of Article 69 herein, again file the application for authorisation for initial public offering of securities.

3.2.3. Prospectus for public offering

Prospectus for public offering

Article 22

(1) The prospectus for public offering shall be a written document stating information enabling the purchaser of securities (hereinafter: investor) to make an assessment with regard to the issuer’s legal status, its financial standing, prospects and the rights attaching to the securities (hereinafter: prospectus).

(2) The abstract from the prospectus shall be a written document including a summary of significant data from the prospectus.

(3) The prospectus shall be drawn up and published in the Slovenian language.

(4) The details of the contents of the prospectus and abstract from the prospectus shall be stipulated by the Agency.

Liability for truthfulness of data

Article 23

(1) If the prospectus or abstract from the prospectus states information which is not in accordance with the truth, the persons publishing and/or participating in the publishing of the prospectus (a person made responsible by the issuer, an auditor and other persons who might affect the contents of the prospectus) shall be jointly and severally liable to the holders of the securities in question for any loss, if they knew or should have known about the nature of the said data.

(2) The persons referred to in the first paragraph hereunder shall also be liable for any loss if omissions are made from the prospectus or abstract from the prospectus with regard to crucial information about either the issuer or the securities capable of affecting the investor’s decision with regard to the purchase of the securities in question.

(3) The persons referred to in the first paragraph hereunder shall be absolved from their liability if they can prove that the investor, at the time of acquiring the securities, was familiar with the inaccuracies stated in the prospectus or abstract from the prospectus.

The Agency’s liability for truthfulness of data

Article 24

The Agency shall not be liable for the truthfulness and accuracy of data stated in the prospectus or abstract from the prospectus.

3.2.4. Procedure of public offering

Application of provisions relating to the procedure of public offering

Article 25
(1) The provisions of this chapter relating to the procedure of a public offering shall apply to public offerings of any serial securities other than the securities referred to in the second paragraph of Article 19 herein.

(2) Notwithstanding the provision of the first paragraph hereunder, the provisions of Articles 33 and 34 and the second and third paragraphs of Article 35 herein shall not apply to the public offering of shares in the event of a successive formation of a public limited company, and the provisions of the second and third paragraphs of Article 33, Article 34 and the second and third paragraphs of Article 35 herein shall not apply to the public offering of shares in order to increase capital out of new stakes.

(3) Notwithstanding the provision of the first paragraph hereunder, the provisions of the second and third paragraphs of Article 33 and Article 34 herein shall not apply to a public offering of securities in the event of the initial offering referred to in the second paragraph of Article 15 herein.

Submission of final prospectus

Article 26

(1) The issuer shall be obliged to submit to the Agency the final version of the prospectus no later than seven days prior to the commencement of the public offering.

(2) The final contents of the prospectus must not differ from those in the prospectus approved by the Agency when granting the authorisation.

(3) Notwithstanding the provisions of the first and second paragraphs hereunder, the price of a security offered to the public, the dates of commencement and conclusion of the subscription, and additional locations for subscribing and paying-in may be determined prior to the publication of the announcement for the subscribing and paying-in of securities, which shall be done following a previous notification of the Agency.

Changes to the conditions of public offering

Article 27

During the public offering the issuer shall be allowed neither to commit any legally significant act due to which the rights of securities holders as stated in the prospectus would be changed nor to change the conditions of public offering as set out in the prospectus.

Subscription of securities

Article 28

(1) Subscription of securities offered to the public shall be carried out at banks and/or stockbroking companies authorised by the issuer, that is, at subscription locations to be determined in the prospectus by the issuer.

(2) The Agency shall stipulate detailed conditions for subscribing and paying-in securities to be met by the issuer at subscription locations.

Paying-in of securities

Article 29

The paying-in of securities on the basis of a public offering shall be carried out at banks or
organisations responsible for payment transactions authorised by the issuer.

Commencement of public offering

Article 30

(1) The issuer shall be obliged to commence the procedure for subscribing and paying-in securities on the basis of public offering within 30 days of obtaining the authorisation for public offering.

(2) Notwithstanding the first paragraph hereunder, the issuer may, with securities where the issuer's overall obligations fall due in a time period shorter than 12 months, commence the procedure of subscribing and paying-in securities in a time period which is longer than 30 days but not longer than 9 months after obtaining the authorisation for public offering.

Announcement for subscribing and paying-in

Article 31

(1) Prior to the commencement of the procedure for subscribing and paying-in securities on the basis of a public offering, the issuer shall be obliged to publish an announcement for subscribing and paying-in securities.

(2) The announcement for subscribing and paying-in securities must contain significant data on the issuer, features of the issue and locations where the prospectus is available and access to other documents is possible.

(3) The Agency shall prescribe the details of the contents of the announcement for subscribing and paying-in securities and the method of its publication.

Availability of the prospectus

Article 32

(1) The prospectus and abstract from the prospectus must be available as brochures at the issuer's head office and at all locations for subscribing and paying-in securities.

(2) The issuer shall be obliged to ensure that the prospectus and abstract from the prospectus be delivered, if required, to any interested person at all locations for subscribing and paying-in securities. Upon subscription, the issuer shall also be obliged to deliver the abstract from the prospectus to any subscriber of the offered shares.

(3) In the events referred to in the second paragraph hereunder, the issuer shall be obliged to deliver the prospectus and abstract from the prospectus free of charge.

(4) The issuer shall be obliged, at all locations where securities are subscribed for and paid in, to ensure access to its by-laws and/or articles of association as well as its financial statements compiled after the prospectus was drawn up.

Deadline of subscription

Article 33

(1) Subscription of securities on the basis of public offering may last no longer than three months after the day stipulated for the commencement of subscribing and paying-in.

(2) If within the time period referred to in the first paragraph hereunder at least 80% of all securities offered in the prospectus are subscribed for and 50% of them are paid in, the Agency shall, at the request of the issuer, prolong the time period for subscribing and paying-in securities on the basis of public offering by not more than two months.
(3) Securities that were not subscribed for within the time period intended for subscribing securities on the basis of public offering may not be subscribed for after the expiration of that period.

Success threshold of public offering

Article 34

A public offering shall be deemed successful if, within the deadline laid down in Article 33 herein, at least 80% of all securities offered in the prospectus are subscribed for and paid-in, unless a higher success threshold is stipulated in the prospectus by the issuer.

Decision on the public offering's success

Article 35

(1) The issuer shall be obliged, no later than seven days after the expiration of the deadline referred to in Article 33 herein, to notify the Agency of the number of securities subscribed and paid-in. The notification must also include reports about the subscribing and paying-in to be submitted by the legal entities with whom the subscribing and paying-in of securities was carried out.

(2) On the basis of the report referred to in the first paragraph hereunder, the Agency shall issue a decision whereby it is established whether the public offering in question was successful or not.

(3) The issuer may only issue debt securities on the basis of public offering after the receipt of the decision whereby it is established that the public offering in question was successful.

(4) In the event of an unsuccessful public offering it shall be deemed that the securities are not subscribed and the issuer shall be obliged to ensure the repayment of the amounts paid-in at those legal entities where they were paid.

Publication of results of public offering

Article 36

(1) The issuer shall be obliged, in a daily newspaper available in the entire territory of the Republic of Slovenia, to publish data on securities subscribed and paid-in stating whether the public offering in question was successful or not, no later than three days after the receipt of the Agency's decision referred to in the second paragraph of Article 35 herein or, in the event referred to in the second paragraph of Article 25 herein, no later than three days after the expiration of the deadline referred to in Article 33 herein.

(2) The Agency shall prescribe the details of the contents and the method of publishing the data referred to in the first paragraph hereunder.

3.2.5. Supervision of the procedure of the public offering

Supervision of the procedure of the public offering

Article 37

(1) Supervision of the procedure of the public offering shall be performed by the Agency.

(2) If the issuer makes it impossible for the Agency to exercise its supervision, the Agency shall annul the procedure of subscribing and paying-in securities.

(3) In the event referred to in the second paragraph hereunder, it shall be deemed that the public offering in question was not successful.

Irregularities in the procedure of the public offering
Article 38

(1) If during the supervisory procedure during the supervisory procedure the Agency uncovers irregularities in the procedure of the public offering which the issuer is capable of eliminating, the Agency shall issue an order whereby the issuer is obliged to eliminate the irregularities uncovered. The order shall also state the deadline within which the issuer is obliged to eliminate irregularities. The order shall also be served to legal entities at which the subscribing and paying-in securities are carried out.

(2) The issuer shall be obliged, within the deadline referred to in the first paragraph hereunder, to eliminate the irregularities uncovered and submit to the Agency a report in which the measures for eliminating irregularities are described. The report must also include documents and other evidence proving that the irregularities uncovered were eliminated.

(3) If it is evident from the report referred to in the second paragraph hereunder and from the attached evidence that irregularities were eliminated, the Agency shall issue an order whereby it is established that irregularities were eliminated. Should this not be the case, the Agency shall issue an order whereby the issuer is obliged, by the expiration of the deadline referred to in the first paragraph hereunder, to complete the report and attach evidence on the elimination of irregularities.

(4) During the period between the receipt of the order issued by the Agency referred to in the first paragraph hereunder and the issuance of the order referred to in the third paragraph hereunder, the issuer shall be obliged to halt the procedure of subscribing and paying-in securities. During that period the deadline referred to in the first paragraph of Article 33 herein shall not run.

Annulment of the procedure of the public offering

Article 39

(1) If the issuer fails to act in compliance with the order referred to in the first paragraph of Article 38 herein or if, during the supervisory procedure, the Agency uncovers irregularities which the issuer is not capable of eliminating, the Agency shall issue a decision whereby the procedure of the public offering is annulled.

(2) If the decision referred to in the first paragraph hereunder refers to the procedure of subscribing and paying-in shares, the Agency shall also serve the decision to the competent court holding the Companies’ Register in which the issuer of those shares is registered.

(3) In the event referred to in the first paragraph hereunder, it shall be deemed that the public offering in question was not successful.

Costs of supervision

Article 40

(1) If during the supervisory procedure irregularities in the procedure of the public offering are uncovered, the issuer shall be obliged to pay to the Agency a lump-sum fee which, with regard to the type and extent of irregularities, is fixed in the Agency’s tariff.

(2) The Agency shall issue a decision with regard to the payment of the fee referred to in the first paragraph hereunder.

(3) Final decision on the payment of the fee referred to in the first paragraph hereunder shall be an executory title.

3.2.6. Meeting the conditions for commencing organised trading

Meeting the conditions for commencing organised trading
Article 41

(1) If a public offering was successful the Agency shall also serve copies of the order referred to in the second paragraph of Article 35 to the stock exchange and the clearing and deposit house.

(2) The issuer shall be obliged to make to the clearing and deposit house an order to issue in dematerialised form those securities which were the subject of public offering within 15 days from the day when the conditions for their issue were met.

(3) The issuer shall be obliged, in the time period referred to in the second paragraph hereunder, to submit copies of the prospectus to the stock exchange and each stockbroking company.

(4) The clearing and deposit house shall be obliged to notify the stock exchange of the issue in dematerialised form of those securities which were the subject of public offering within three working days after the issue.

(5) The stock exchange shall be obliged to list those securities which were the subject of public offering on the over-the-counter market no later than 8 days after the receipt of the notification referred to in the fourth paragraph hereunder if those securities meet the conditions for organised trading, unless the issuer has filed, within the said time period, an application for admission of securities to listing on the stock exchange.

(6) The provision of Article 69 herein shall apply to the Agency's supervision of the Issuer's meeting of obligations referred to in the second and third paragraphs hereunder as appropriate.

3.3. Public offering of securities issued by foreign issuers

3.3.1. General provisions

Public offering of securities issued by foreign issuers

Article 42

(1) With regard to public offerings of securities issued by issuers with head office in a Member State or abroad (hereinafter: foreign issuers) the provisions hereof relating to initial and secondary offerings of securities shall apply unless otherwise stipulated in this chapter.

(2) Securities issued by foreign issuers may only be offered to the public in the territory of the Republic of Slovenia under conditions and according to the method stipulated herein.

(3) The public offering of securities issued by foreign issuers shall be subject to a prior authorisation to be granted by another responsible authority if thus stipulated by the act regulating foreign exchange operations.

3.3.2. Initial public offering of securities issued by foreign issuers

Initial public offering of securities issued by foreign issuers

Article 43

(1) Securities issued by foreign issuers may only be offered to the public by a stockbroking company which has obtained an authorisation to provide services relating to initial offerings and which, with regard to the securities in question, has made an agreement on the provision of those services.

(2) No entity other than the stockbroking company referred to in the first paragraph hereunder shall be allowed to offer securities issued by foreign issuers to the public.

Authorisation for the initial public offering of securities issued by foreign issuers
Article 44

(1) Prior to the commencement of the public offering of securities issued by foreign issuers, the stockbroking company referred to in Article 43 herein shall be obliged to obtain an authorisation for the initial public offering of securities issued by foreign issuers to be granted by the Agency.

(2) The provision of Article 21 herein shall apply to adopting a decision on the authorisation referred to in the first paragraph hereunder, as appropriate.

Application for authorisation for the initial public offering
of securities issued by foreign issuers

Article 45

The application for authorisation for the initial public offering of securities issued by foreign issuers must include:

1. two copies of the draft prospectus,
2. a draft announcement for subscribing and paying-in securities containing the data laid down in Article 31 herein,
3. an agreement made with the issuer of securities,
4. other documents from which it is evident that the application for authorisation is sound.

Application of provisions regarding the prospectus

Article 46

(1) The provisions of this Act regarding the prospectus shall apply to the prospectus for the public offering of securities issued by foreign issuers.

(2) The stockbroking company referred to in Article 43 herein together with the persons referred to in Article 23 herein shall be jointly and severally liable to the holders of securities issued by foreign issuers for the loss referred to in Article 23 herein.

(3) Notwithstanding the provision of the first paragraph hereunder, the issuer whose securities are simultaneously being offered in a Member State may submit an authenticated translation of the final prospectus approved by the responsible authority of the Member State, supplemented with data relevant to the offering of securities in the territory of the Republic of Slovenia.

(4) The Securities Market Agency shall prescribe:

1. the details of the contents with regard to the data to be supplemented in the prospectus by the foreign issuer,
2. documents which must be enclosed by the foreign issuer with the application for authorisation, whereby it is proved that the requirements are met for the prospectus to be recognised.

Application of provisions regarding the procedure of the public offering

Article 47

(1) The provisions of this Act regarding the procedure of the public offering and supervision of the public offering shall apply to the procedure of the public offering of securities issued by foreign issuers.
(2) Notwithstanding the provision of the first paragraph hereunder, the obligations referred to in the first paragraph of Article 35, Article 36 and the second and fourth paragraphs of Article 38 herein shall not be met by the issuer but by the stockbroking company referred to in Article 43 herein.

3.3.3. Secondary public offering of securities issued by foreign issuers

Secondary public offering of securities issued by foreign issuers

Article 48

Secondary public offering of securities issued by foreign issuers in the territory of the Republic of Slovenia shall only be possible on an organised market.

Authorisation for organised trading in securities issued by foreign issuers

Article 49

(1) The provisions of this Act regarding the authorisation for organised trading other than the provisions of Article 61 herein shall apply to the authorisation for organised trading in securities issued by foreign issuers.

(2) The foreign issuer shall be obliged to furnish the application for the authorisation for organised trading in securities issued by foreign issuers with a document stating the contents of the foreign law applying to the securities to which the application refers with regard to the validity of the issue, as well as method and validity of transfers and trading in those securities.

(3) Notwithstanding the provision of the first paragraph hereunder, the issuer whose final prospectus was reviewed and approved by the responsible authority of a Member State within three months prior to the submission of the application for the authorisation for organised trading pursuant to this Act, or whose final prospectus for official listing was reviewed and approved by the responsible authority of a Member State within that time period, may submit an authenticated translation of that prospectus supplemented with data relevant to the public offering of securities in the territory of the Republic of Slovenia.

(4) In the event referred to in the third paragraph hereunder, the provision of the fourth paragraph of Article 46 hereunder shall apply as appropriate.

3.4. Non-public offering and restrictions to trading in securities

Notification of non-public offering

Article 50

The issuer of securities shall be obliged to previously notify the Agency of any intended issue of securities referred to in the third paragraph of Article 15 or non-public offering referred to in the first paragraph of Article 18 herein and to submit to the Agency the decision on the issue of securities.

Restrictions to trading in non-publicly offered securities

Article 51

(1) Securities issued on the basis of the third paragraph of Article 15 and/or the first paragraph of Article 18 herein may neither be traded on the organised securities market nor offered to the public in any other way.

(2) For any agreement entered into by an individual on the basis of an offering referred to in the preceding paragraph hereunder, it shall be deemed that such an agreement was entered into by fraud.

(3) The provisions of the first paragraph hereunder shall not apply to:
1. securities referred to in points 1 and 2 of the third paragraph of Article 15 herein, if the issuer has obtained the authorisation for initial public offering and/or organised trading with regard to transferable securities,

2. shares referred to in points 4 and 5 of the third paragraph of Article 15 and point 5 of the first paragraph of Article 18 herein, if those shares together with shares of previous issues for which the issuer has obtained the authorisation for initial public offering and/or organised trading constitute the same class.

Authorisation for organised trading

Article 52

Securities referred to in the first paragraph of Article 51 may be traded on the organised securities market if the issuer, either at the time of the issue or later, obtains the authorisation for organised training to be granted by the Agency.

Authorisation for initial public offering of securities of later issues

Article 53

If the issuer obtains the authorisation for initial public offering of securities of later issues which, together with the securities referred to in the first paragraph of Article 51 herein, constitute the same class, the entire class of those securities may be traded on the organised securities market.

Withdrawal of shares from the organised market

Article 54

(1) If a company has successfully carried out a public offering of shares and/or obtained an authorisation for organised trading, that company’s general meeting of shareholders may adopt a resolution to withdraw the shares from the organised market.

(2) With regard to the resolution of the general meeting of shareholders to withdraw shares from the organised market and the rights of objecting shareholders, the provisions of the second to fifth paragraphs of Article 542 and the provisions of Article 545 of the Companies Act (Official Gazette of the RS, No. 30/93) shall apply as appropriate.

(3) On the day of entering into force of the resolution referred to in the first paragraph hereunder, restrictions referred to in the first paragraph of Article 51 hereunder shall begin to apply to trading in shares.

3.5. Authorisation for organised trading and secondary public offering

Application for authorisation for organised trading

Article 55

(1) Authorisation for organised trading shall be granted by the Agency following a written application filed by the issuer.

(2) The application referred to in the first paragraph hereunder must contain the data stipulated in the second paragraph of Article 20 herein and specify the persons holding at least 10% of the issue of securities to which the application refers.

(3) The application referred to in the preceding paragraph hereunder must be furnished with:

1. the documents stipulated in items 1 to 7 and 9 of the third paragraph of Article 20 herein,
2. the document issued by the clearing and deposit house certifying that the securities to which the application refers are dematerialised securities,

3. evidence on the notification of holders referred to in Article 56 herein.

Notification of holders

Article 56

(1) The issuer referred to in the first paragraph of Article 55 herein shall be obliged to notify persons holding at least 10% of the issue of securities to which the application for organised trading with registered securities refers about the filing of the said application.

(2) In the notification referred to in the first paragraph hereunder, the issuer shall be obliged to inform the holders about the right to carry out a public offering with the purpose of secondary offering of the securities in question.

(3) The Agency may prescribe the details of the contents for the notification referred to in the preceding paragraphs hereunder.

(4) The issuer shall be obliged to serve the notification to the holders either directly or by registered mail.

Adopting decisions regarding the authorisation for organised trading

Article 57

(1) With regard to deciding on the authorisation for organised trading, the provisions of Article 21 herein shall apply as appropriate.

(2) The Agency shall also refuse to grant the authorisation for organised trading if the securities to which the application refers were not issued in dematerialised form.

(3) The Agency shall adopt a decision with regard to the authorisation for organised trading after the expiration of the deadline referred to in the third paragraph of Article 58 herein.

Authorisation for public offering with the purpose of secondary offering

Article 58

(1) Notwithstanding the provision of the fourth paragraph of Article 21 herein, a person holding at least 10% of the issue of securities to which the application filed by the issuer referred to in Article 55 herein pertains may carry out a public offering of those securities with the purpose of a secondary offering in accordance with the procedure laid down in this chapter, if, with regard to those securities, that person, together with the stockbroking company holding an authorisation for the provision of services with regard to buying and preparing new issues, has entered into an agreement on the provision of the said services and has, at the same time, obtained the authorisation of the Agency.

(2) Application for the authorisation for public offering with the purpose of secondary offering must be filed by the stockbroking company referred to in the first paragraph hereunder on behalf of and for the account of the holder.

(3) The stockbroking company referred to in the first paragraph hereunder shall be obliged to file the application for the authorisation for public offering with the purpose of secondary offering no later than 30 days counted from the day when the holder received the notification referred to in Article 56 herein.

(4) The application for the authorisation for public offering with the purpose of secondary offering must be furnished with a draft public announcement for buying and paying-in securities.
The provisions of Article 31 herein shall apply to the announcement for buying and paying-in securities referred to in the fifth paragraph hereunder as appropriate.

The Agency shall dismiss any late application or application filed by a person which is not entitled to do so.

Adopting decisions regarding the authorisation for public offering with the purpose of secondary offering

Article 59

The Agency shall grant the authorisation for public offering with the purpose of secondary offering if the issuer has obtained the authorisation for the organised trading of the securities in question and if it is established that the announcement for buying and paying-in includes all data referred to in the fifth paragraph of Article 58 herein.

Procedure of public offering with the purpose of secondary offering

Article 60

Unless otherwise stipulated in this section, the provisions of the section on the procedure of public offering other than the provisions of Articles 34 to 36 herein shall apply as appropriate to the procedure of public offering with the purpose of secondary offering.

Commencement of organised trading

Article 61

(1) The Agency shall serve to the stock exchange and clearing and deposit house one copy each of the decision regarding the granting of authorisation for organised trading.

(2) Together with the serving of the decision, the Agency shall notify the stock exchange and clearing and deposit house about the application for authorisation for public offering with the purpose of secondary offering, if such an application was filed.

(3) If the application for authorisation for public offering with the purpose of secondary offering was not filed, the stock exchange shall be obliged to admit the securities to which the authorisation for secondary offering refers to the listing on the over-the-counter market within 8 days of the receipt of the decision referred to in the first paragraph hereunder, unless the issuer, within the same time period, files the application for admission to listing on the stock exchange.

(4) If the application for authorisation for public offering with the purpose of secondary offering has been filed, the stock exchange shall be obliged to admit the securities to which the authorisation for secondary offering refers to the listing on the over-the-counter market within 8 days counted from:

1. the serving of the decision adopted by the Agency whereby the application of the holder was refused or dismissed,

2. the expiration of the deadline for buying and paying-in securities, if the authorisation for public offering with the purpose of secondary offering was granted.

(5) The issuer shall be obliged, within 8 days of the receipt of the decision to grant authorisation for organised trading, to submit to the stock exchange and stockbroking companies each one copy of the prospectus.

4. OBLIGATION OF PUBLICLY HELD COMPANIES TO REPORT

4.1. The contents of the obligation to report
Contents and methods of reporting

Article 62

(1) A publicly held company shall be obliged to report on its financial standing, legal status and operations by submitting and publishing its audited annual report and by submitting regular information about any business events which might significantly effect the price of securities whose issuer that company is.

(2) A publicly held company whose shares were admitted to listing on the stock exchange shall also be obliged to report on its financial standing, legal status and operations by submitting and publishing its interim report.

(3) Whenever it is stipulated in this Act that a publicly held company is obliged to publish certain legal facts and/or other facts and circumstances, it shall be obliged to publish them in a daily newspaper available in the entire territory of the Republic of Slovenia and/or according to another appropriate method to be prescribed by the Agency.

Submission of audited annual report

Article 63

(1) A publicly held company shall be obliged to submit its annual report to the Agency no later than 30 days after the receipt of the auditor's report and six months after the end of the business year, at the latest. The annual report must, in addition to data which must be stated in the annual report of every company, include a special attachment stating any significant change to data contained in the prospectus.

(2) The annual report referred to in the first paragraph hereunder must also contain consolidated financial statements if the issuer is not obliged to compile them pursuant to the provisions of the Companies Act but is obliged to compile them pursuant to accounting standards.

(3) When securities issued by a publicly held company are traded on the organised securities market the said company shall also be obliged, within the deadline referred to in the first paragraph hereunder, to submit to the stock exchange and stockbroking companies one copy of its audited annual report each.

(4) If the issuer's general meeting of shareholders rejects the audited annual report referred to in the first paragraph hereunder, the issuer shall be obliged, on no later than the following working day, to inform both the Agency and the stock exchange accordingly and submit an authenticated copy of the minutes kept at the general meeting.

Publication of the summary of the audited annual report

Article 64

(1) A publicly held company shall be obliged, no later than eight days counted from the expiration of the deadline referred to in the first paragraph of Article 63 herein, to publish a summary of its audited annual report, which must contain:

1. a summary of annual financial statements together with the auditor's opinion,
2. a statement of any significant change to data contained in the prospectus,
3. a statement that the entire annual report is available at the head office of the publicly held company in question.

(2) Prior to its publication, the publicly held company shall be obliged to submit the text of the summary referred to in the first paragraph hereunder, together with the audited annual report referred to in Article 63 herein, to the Agency.
(3) When securities issued by a publicly held company are traded on the organised securities market, the said company shall also be obliged to submit to the stock exchange and stockbroking companies one copy of the summary referred to in the first paragraph hereunder each.

(4) The Agency shall prescribe the details of the contents of the summary referred to in the first paragraph hereunder and the method of its publication.

(5) In the event referred to in the fourth paragraph of Article 63 herein, the issuer shall be obliged to publish the resolution adopted by the general meeting of shareholders according to the same method as applied in publishing the summary referred to in the first paragraph hereunder.

Interim report

Article 65

(1) A publicly held company whose shares were admitted to listing on the stock exchange shall be obliged, no later than two months after the end of the interim accounting period, to submit to the Agency an interim report on its operations.

(2) In addition to data regarding business results, the interim report must contain a special attachment stating any significant data contained in the prospectus.

(3) The provisions of the third paragraph of Article 63 and Article 64 herein shall apply as appropriate to the interim report.

Reporting on business events

Article 66

(1) A publicly held company shall be obliged to immediately publish any legal or business event relating to the publicly held company or its securities which might significantly effect the price of those securities.

(2) A publicly held company shall be obliged to notify the Agency regarding the business events referred to in the first paragraph hereunder and, when the securities of that company are traded on any of the organised markets, the stock exchange.

(3) Following a substantiated application filed by the publicly held company, the Agency shall exempt that company from the obligation to report referred to in the first paragraph hereunder if omitting the publication of business events to which the obligation to report refers will not result in misleading the investor with regard to data relevant to the decision to buy or sell securities, and if one of the following conditions is met:

1. if reporting on individual business events were to seriously threaten the company's justified business interests; or

2. if reporting on individual business events were contrary to the public interest.

(4) The issuer shall be liable for the accuracy and truthfulness of data stated in substantiating the application referred to in the third paragraph hereunder.

(5) The provisions of the third and fourth paragraphs hereunder shall also apply as appropriate to the exemption of the publicly held company's obligation to report with regard to the publication of the prospectus and/or annual or interim report.

(6) The Agency shall lay down:

1. the details of the contents, method and deadlines for the publications and/or notifications referred to in the first and/or second paragraphs hereunder,
2. the details of the contents of the application referred to in the third paragraph hereunder.

(7) The provisions of the first paragraph hereunder shall, prior to the publication of the results of the public offering, also apply to the issuer which obtained the authorisation for initial public offering of securities granted by the Agency.

Liability for the accuracy of reports

Article 67

With regard to liability for the truthfulness of data contained in annual reports, interim reports and reports on business events, the provisions on liability for the truthfulness of data contained in the prospectus shall apply as appropriate.

4.2. Supervision of reporting made by publicly held companies

Supervision of reporting made by publicly held companies

Article 68

The supervision of reporting made by publicly held companies shall be exercised by the Agency.

Violation of the obligation to report

Article 69

(1) If during the supervisory procedure it is established by the Agency that a publicly held company, with regard to its obligation to report, violates the provisions of this chapter and/or Article 240 herein the Agency shall issue an order whereby the publicly held company is obliged to eliminate the established violations. The order shall also state the deadline within which the publicly held company is obliged to eliminate the violations.

(2) The publicly held company shall be obliged, within the deadline referred to in the first paragraph hereunder, to eliminate the established violations and submit to the Agency a report describing the measures used to eliminate the violations. The report must also include documents and other evidence proving that the established violations were eliminated.

(3) If it is evident from both the report referred to in the second paragraph hereunder and the enclosed evidence that the violations have been eliminated, the Agency shall issue a decision whereby it is established that violations have been eliminated.

(4) If a publicly held company fails to act in compliance with the order referred to in the first paragraph hereunder or if the issuer makes it impossible for the Agency to exercise supervision, the Agency shall issue a decision whereby it is established that the issuer has violated the obligation to report. A copy of that decision shall also be served to the stock exchange.

(5) In the event referred to in the fourth paragraph hereunder, the Agency may, upon the decision referred to in the fourth paragraph hereunder becoming final, publish the publicly held company's established violations of the obligation to report.

4.3. Cessation of the obligation to report

Cessation of the obligation to report

Article 70

(1) The obligation to report, under which a publicly held company – issuer of shares is and which
only relates to the issue of shares, shall cease:

1. on the date on which the resolution on the withdrawal of shares from the organised market referred to in Article 54 herein takes effect; or

2. on the date of entering the conversion into the Companies’ Register, if the publicly held company is converted into another legal organisational form.

(2) The obligation to report, under which a publicly held company – issuer of bonds or other debt securities is and which only relates to the issue of those securities, shall cease upon all obligations arising from those securities falling due.

4.4. Register of authorisations

Register of authorisations

Article 71

(1) The Agency shall keep a register of authorisations granted for public offering and/or organised trading (hereinafter: register of authorisations).

(2) Data on issuers and securities shall be entered in the register of authorisations.

(3) The prospectus for public offering and/or secondary public offering, audited annual reports and summaries thereof, interim reports and summaries thereof, and reports on business events shall form a constituent part of the register with regard to individual issuers.

(4) The register of authorisations shall be a public register.

(5) Detailed contents of the register of authorisations and the method of public access to the data shall be stipulated by the Agency.

5. PROVISION OF SERVICES WITH REGARD TO SECURITIES

5.1. Services with regard to securities

Application of provisions

Article 72

The provisions of this chapter on services with regard to securities shall apply to services whose subject is derivative financial instruments (hereinafter: services with regard to derivative financial instruments) as appropriate.

Types of services with regard to securities

Article 73

(1) Services with regard to securities pursuant to this Act shall be the following services:

1. the buying and selling of securities at the order and for the account of a client (stockbroking);

2. the managing securities at the order and for the account of an individual client (managing securities);

3. special services with regard to securities;

4. auxiliary services with regard to securities.

(2) Special services with regard to securities shall be the following services:
1. the performing of all or several transactions and activities for the account of the issuer of securities necessary for a successful initial offering of securities, without the mandatory buyout of securities not being sold to investors during the initial offering (performance of initial offerings without mandatory buyout);

2. the performing of all or several transactions and activities for the account of the issuer of securities necessary for a successful initial offering of securities, with the mandatory buyout of securities not being sold to investors during the initial offering (performance of initial offerings with mandatory buyout);

3. the performing of all or several transactions and activities for the account of the issuer or holder of securities necessary for the admission of securities to the organised market (services with regard to the admission of securities to organised trading).

Auxiliary services with regard to securities

Article 74

(1) Auxiliary services with regard to securities shall be the following services:

1. the providing advice of with regard to the buying and selling securities (investment advisory service);

2. the keeping of accounts of dematerialised securities held by clients at the clearing and deposit house and executing orders placed by holders relating to transfers of securities between several holders’ accounts (keeping accounts of dematerialised securities);

3. the safekeeping of securities issued as written documents which are not traded on the organised market (safekeeping of securities);

4. the performing of all or several transactions and activities for the account of third parties necessary for carrying out a merger or takeover of a public limited company (services with regard to takeovers).

(2) It shall not be allowed to grant an authority to provide services with regard to securities which only involves auxiliary services with regard to securities.

Provision of services with regard to securities

Article 75

Services with regard to securities may be performed by:

1. a stockbroking company which has obtained an authorisation granted by the Agency to provide those services;

2. a branch of a foreign stockbroking company which has obtained an authorisation granted by the Agency to provide those services;

3. a Member State stockbroking company which, pursuant to this Act, sets up a branch in the territory of the Republic of Slovenia and/or which, pursuant to this Act, is directly authorised to perform services with regard to securities in the territory of the Republic of Slovenia;

4. a bank which has obtained an authorisation to provide those services granted by the Bank of Slovenia.

Ban on the provision of services with regard to securities

Article 76
(1) No entity other than those referred to in Article 75 herein shall be allowed to provide services with regard to securities.

(2) The ban referred to in the first paragraph hereunder shall not apply to the following services:

1. advisory services, if they relate to advice on financial reorganisation, development strategy or advice with regard to takeovers of companies;

2. advisory services, if they are provided by lawyers and/or tax advisers within the framework of their professional competency;

3. the acceptance of orders for buying and selling securities placed by the clients of stockbroking companies, when such orders are accepted on behalf of and for the account of the stockbroking company in question by another legal entity on the basis of an agreement made with that stockbroking company;

4. the acceptance of orders for the transfer of securities between the holders' accounts placed by the holders of dematerialised securities, when orders are accepted on behalf of and for the account of the stockbroking company in question by another legal entity on the basis of an agreement made with that stockbroking company;

5. services with regard to takeovers.

5.2. Stockbroking company

5.2.1. General provisions

Legal organisational form

Article 77

A stockbroking company may be organised either as a public limited company or a limited company.

Application of the provisions of the Companies Act

Article 78

(1) The provisions of the ZGD shall apply to stockbroking companies unless otherwise stipulated by this Act.

(2) The provisions of this Act referring to shares and shareholders of a stockbroking company organised as a public limited company shall apply as appropriate to holdings and members of a stockbroking company organised as a limited company.

5.2.2. Activities of stockbroking companies

Activities of stockbroking companies

Article 79

(1) A stockbroking company may perform no activities other than those related to securities.

(2) Notwithstanding the provision of the first paragraph hereunder, a stockbroking company may, for its own account, also engage in activities related to trading in securities or derivative financial instruments when such trading is not related to the provision of special services with regard to securities.

(3) The provisions of this Act relating to services with regard to securities shall apply to the trading referred to in the second paragraph hereunder as appropriate.
5.2.3. Share capital and shares of a stockbroking company

Share capital

Article 80

(1) The minimum amount of share capital in a stockbroking company shall be 150,000,000 SIT.

(2) Notwithstanding the first paragraph hereunder, the minimum amount of the share capital in a stockbroking company shall be 25,000,000 SIT if the stockbroking company in question provides neither services with regard to initial public offerings with mandatory buyout nor services with regard to trading in securities.

Shares of a stockbroking company

Article 81

(1) Shares in a stockbroking company may only be registered shares.

(2) Shares in a stockbroking company may only be paid-in in cash and must be fully paid-up prior to the entry of either establishment or capital increase in the Companies’ Register.

(3) Shares of a stockbroking company must be issued in dematerialised form.

5.2.4. Qualifying holdings

Authorisation to acquire a qualified interest

Article 82

(1) The acquisition of shares in a stockbroking company whereby a person directly or indirectly reaches or exceeds the qualifying holding (hereinafter: qualifying holder) in the stockbroking company shall be subject to the authorisation of the Agency (hereinafter: authorisation to acquire a qualifying holding).

(2) A person having been granted the authorisation referred to in the first paragraph hereunder shall be obliged, for any further acquisition of the stockbroking company's shares whereby 20, 33 or 50% of voting rights or participation in its capital are either reached or exceeded or whereby the person becomes its controlling company, to obtain the authorisation of the Agency.

(3) Should a person who has been granted the authorisation referred to in the first and second paragraphs hereunder intend to dispose of the shares, which would result in the holding being reduced below the limit for which the authorisation was granted, the person in question shall be obliged to notify the Agency.

(4) The Agency shall specify the method of notification referred to in the third paragraph hereunder.

(5) The Agency shall, prior to adopting a decision on the granting of the authorisation to acquire qualifying holdings and/or the holdings referred to in the second paragraph hereunder, be obliged to notify the responsible supervisory authority of an individual Member State, if the prospective qualifying shareholder is one of the following entities:

1. a stockbroking company which has the right to provide services with regard to securities in the same Member State;

2. a controlling or controlled company of the stockbroking company referred to in point 1 hereunder;

3. an entity controlled by the same entity or entities which control the stockbroking company referred to in point 1 hereunder.
Adopting decisions with regard to the granting an authorisation

to acquire a qualified holding

Article 83

(1) An entity wishing to acquire a qualifying holding shall be obliged to furnish the application for the authorisation to acquire a qualified holding and/or the holding referred to in the second paragraph of Article 82 herein with the documents referred to in points 4 and/or 5 of Article 93 herein.

(2) The Agency shall refuse to grant an application to acquire a qualified holding and/or the holding referred to in the second paragraph of Article 82 herein if the data presented shows that:

1. with regard to the activities or operations performed by the prospective qualifying shareholder or its related entities, or with regard to the practices of the prospective qualifying shareholder or its related entities, the operation of the stockbroking company may be threatened in accordance with the rules on risk management and/or rules of prudent and careful operation;

2. with regard to the activities or operations performed by the prospective qualifying shareholder or its related entities, or with regard to the type of relations between those entities, the exercise of supervision of the stockbroking company would be made impossible or considerably hindered.

(3) The Agency shall refuse to grant an authorisation to acquire a qualifying holding and/or the holding referred to in the second paragraph of Article 82 herein to a foreign prospective qualifying shareholder if, taking into account the regulations of the country in which that entity is located and/or taking into account the practice usually pursued in applying and implementing the said regulations, it is likely that the exercise of supervision pursuant to the provisions of this Act will be made impossible or considerably hindered.

(4) The Agency shall be obliged, prior to adopting a decision on the basis of the second and/or third paragraphs hereunder, to grant the entity in question a deadline no shorter than 15 and no longer than 30 days in which that entity may provide its own statement as to why the authorisation was refused .

(5) If a legal entity has lodged an application for authorisation to provide services with regard to securities, the procedure of adopting a decision with regard to the authorisation referred to in the first paragraph hereunder shall be joined with that of the adoption of a decision with regard to the authorisation to provide services with regard to securities.

Sanctions for violations and withdrawal of the authorisation
to acquire a qualifying holding

Article 84

(1) Should an entity acquire or hold shares in contravention of the first or second paragraphs of Article 82 herein, no voting rights shall arise from those shares of a stockbroking company which account for the participation in the management of the stockbroking company in that portion which constitutes an obligation to obtain an authorisation from the Agency.

(2) The voting rights referred to in the first paragraph hereunder shall, for the period during which the holder does not enjoy any voting rights arising from the shares acquired in contravention of the first and/or second paragraphs of Article 18 herein, be added to the voting rights enjoyed by other shareholders of the stockbroking company in proportion to their participation in the share capital of
the said stockbroking company, such that the holder may only participate in the voting on the basis of shares other than those which are not subject to the authorisation referred to in the first and/or second paragraphs of Article 82 herein.

(3) The Agency shall withdraw the authorisation to acquire a qualifying holding in the following cases:

1. if the authorisation was obtained by stating false data;

2. if, with regard to the activities or operations performed by the qualifying shareholder or its related entities, or with regard to the practices of the qualifying shareholder or its related entities, the operation of the stockbroking company was threatened in accordance with the rules on risk management and/or rules of prudent and careful operation;

3. if, with regard to activities or operations performed by the qualifying shareholder or its related entities, or with regard to the type of relations between those entities, the exercise of supervision of the stockbroking company was made impossible or considerably hindered;

4. in the case of a foreign qualifying shareholder: if, taking into account the regulations of the country in which that entity is located and/or taking into account the practice usually pursued in applying and implementing the said regulations, it is likely that the exercise of supervision pursuant to the provisions of this Act is made impossible or considerably hindered;

(4) Upon the entry into force of the decision to withdraw the authorisation to acquire a qualifying interest, the legal consequences referred to in the first paragraph hereunder shall apply.

(5) If the holder of a qualifying holding is a controlling company of the stockbroking company, the procedure for withdrawing the authorisation to acquire a qualifying holding shall be joined with that of withdrawing the authorisation to provide services with regard to securities.

5.2.5. Management board of a stockbroking company

Management board of a stockbroking company

Article 85

(1) The management board of a stockbroking company must comprise at least two members acting jointly as agent and representative of the stockbroking company in legal transactions. Neither of the management board members of the stockbroking company and/or the procurator may be empowered to act individually as the agent and representative of the stockbroking company for the entire volume of business within the scope of its operations.

(2) Management board members of the stockbroking company must have permanent and full-time employment in that stockbroking company.

(3) At least one of the management board members must have a good command of the Slovenian language. At least one of the management board members must regard the Republic of Slovenia as a focus for realizing their life objectives.

(4) The management board shall be obliged to perform the operations of the stockbroking company in the Republic of Slovenia.

(5) The position of a management board member of a stockbroking company may be assumed by any person meeting the following conditions:

1. adequate professional qualifications, characteristics and experience needed to manage the operations of a stockbroking company;

2. a criminal record with no final sentence of imprisonment of over three months which has not yet been expunged.
(2) The condition referred to in point 1 of the fifth paragraph hereunder shall be met if the person in question has sufficient theoretical and practical knowledge with regard to the management of the stockbroking company’s operations. It shall be deemed that the person in question has met the condition referred to in point 1 of the fifth paragraph hereunder if they have at least four years’ experience in managing the business of a company of comparable size and activity, and/or other comparable operations.

Authorisation to assume the function of management board member

Article 86

(1) Only a person who has been granted an authorisation to assume the function of a management board member of a stockbroking company may be appointed as a management board member of a stockbroking company.

(2) The candidate for management board member shall be obliged to furnish the application for the authorisation referred to in the first paragraph hereunder with supporting documents proving the meeting of conditions referred to in Article 85 herein.

(3) The Agency may decide that, during the procedure for adopting decisions with regard to granting an authorisation, the candidate for management board member must present his/her concept of managing the operations of a stockbroking company.

(4) The Agency shall grant the authorisation referred to in the first paragraph hereunder if it appears from both the supporting documents referred to in the second paragraph hereunder and the presentation referred to in the third paragraph hereunder that the applicant meets the conditions set for management board members of a stockbroking company.

(5) The Agency shall refuse to grant an authorisation if it appears from the supporting documents that, with regard to the activities or practices of that person, the operation of the stockbroking company could be threatened in accordance with the rules on risk management and/or rules on prudent and careful operation.

(6) If a legal entity put in an application for the authorisation to provide services with regard to securities, the procedure for adopting a decision with regard to the authorisation referred to in the first paragraph hereunder shall be joined with that of the adoption of a decision with regard to the authorisation to provide services with regard to securities.

Obligations of management board members

Article 87

(1) Management board members of a stockbroking company shall be obliged to ensure that the stockbroking company operates in accordance with the rules on risk management and rules on prudent and careful operation as set forth in both this Act and the regulations issued on the basis thereof, or with other laws regulating the operations of a stockbroking company and the regulations issued on the basis thereof.

(2) Management board members of a stockbroking company shall be obliged to closely monitor the risks to which the operations of the stockbroking company are exposed, and adopt adequate measures designed to manage the said risks.

(3) Management board members shall be obliged to facilitate the setting-up of both an internal control system in all the areas of the stockbroking company’s operations and an internal audit, and to ensure their operation pursuant to this Act and the regulations issued on the basis thereof.

(4) Management board members of a stockbroking company shall be obliged to ensure that the stockbroking company keeps its accounting books, other records and business documents, compiles bookkeeping documents, assesses bookkeeping items, compiles financial statements, and reports to
Withdrawal of authorisation

Article 88

(1) The Agency shall withdraw the authorisation to assume the function of management board member of a stockbroking company:

1. if the authorisation was obtained by stating false data;
2. if the management board member was given a non-suspended sentence for a crime with imprisonment of more than three months;
3. if the management board member acts in severe contravention of the obligations referred to in Article 87 herein;
4. if the management board member violates the obligation to maintain classified data (Article 177);
5. if the management board member violates the prohibition of manipulation (Article 248);
6. if the management board member violates the prohibition of the use of inside information (Article 276);
7. if the management board member acts in severe contravention of the provisions of chapter 7 herein and/or regulations issued on the basis hereof;
8. if the management board member acts in severe contravention of the rules pertaining to the organised market (Article 247);

(2) A severe violation of the provisions referred to in items 3, 7 and 8 of the first paragraph hereunder shall be deemed the following:

1. any violation threatening the liquidity or solvency of the stockbroking company,
2. any violation incurring damage to a client of the stockbroking company and/or third party, or
3. recurrent violation of the said provisions.

(3) If proceedings for the withdrawal of the authorisation to assume the function of management board member were initiated against a management board member as a result of violations due to which the proceedings for the withdrawal of the authorisation to provide services with regard to securities were initiated against the stockbroking company, the Agency may join both proceedings.

5.2.6. Conditions for providing services

Imposing conditions for providing services

Article 89

The Agency shall impose detailed conditions in terms of personnel, technical issues and organisation relating to dealing with clients for providing services with regard to securities and/or managing the clients’ assets.

5.2.7. Bankruptcy of a stockbroking company

Initiation of bankruptcy proceedings against a stockbroking company

Article 90
(1) It shall not be possible to initiate the proceedings of compulsory settlement against a stockbroking company.

(2) Unless otherwise stipulated in this Act, the provisions of the Act on Compulsory Settlement, Bankruptcy and Liquidation (Official Gazette of the RS, Nos. 67/93 and 29/97 – hereinafter: ZPPSL) shall apply to bankruptcy and liquidation proceedings initiated against a stockbroking company.

Special provisions with regard to bankruptcy of a stockbroking company

Article 91

(1) Notwithstanding the provision of Article 122 of the ZPPSL, the receiver in the bankruptcy proceedings initiated against a stockbroking company may not withdraw from a contract with regard to selling or buying securities entered into by the stockbroking company in question on the organised securities market.

(2) The Bank of Slovenia’s claims arising from the funds referred to in the fifth paragraph of Article 284 herein which were set aside for the payment of investors’ guaranteed claims shall be, as a cost of the bankruptcy procedure, paid from the bankrupt’s estate prior to satisfying the claims referred to in the second and third paragraphs of Article 160 of the ZPPSL.

(3) The provision of the second paragraph hereunder shall also apply to the claim of the transferee bank referred to in the seventh paragraph of Article 284 herein.

(4) The resolution to initiate bankruptcy proceedings against a stockbroking company shall also be served by the court to the Agency and the Bank of Slovenia.

5.2.8. Authorisation to provide services with regard to securities

Authorisation to provide services

Article 92

(1) Prior to entry in the Companies’ Register either its establishment or any additional service, a stockbroking company shall be obliged, with regard to each service, to obtain an authorisation to be granted by the Agency for provision of services with regard to securities to be.

(2) Prior to commencing the provision of services with regard to securities, a bank shall be obliged to obtain an authorisation to be granted by the Bank of Slovenia. The Bank of Slovenia shall grant the authorisation based upon a prior consultation with the Agency.

(3) With regard to the opinion of the Agency referred to in the second paragraph hereunder, the provisions of this chapter relating to the authorisation for provisions of services shall apply as appropriate.

Application for authorisation

Article 93

The application for authorisation for provision of services with regard to securities must be furnished with:

1. a company agreement and/or the by-laws of the company in the form of an authenticated copy of notarial attestation;

2. a description of the services to be provided by the stockbroking company and a two-year business plan;

3. a list of partners and/or shareholders stating names, surnames and addresses and/or firm names
and head offices, volumes of their stakes and/or overall nominal amount of shares and percentage of participation in the share capital of the company;

4. for partners and/or shareholders holding at least 10% of shares and being domestic legal entities: a copy from the Companies’ Register; if the partner is a public limited company, a list of shareholders from the shareholders’ register or, if bearer shares were issued, an authenticated copy of a notarial attestation of those present at the last general meeting of shareholders;

5. with regard to partners and/or shareholders who are foreign legal entities, the documents referred to in item 4 hereunder must be submitted in authenticated translation;

6. data on investments made in other stockbroking companies by entities related to the stockbroking company;

7. documents to be laid down by the Agency on the basis of which it is evident that the company in question is qualified, in terms of personnel, technical issues and organisation, to provide the service to which the application refers.

Adopting decisions regarding the granting of an authorisation to provide services

Article 94

(1) The Agency shall grant an authorisation to provide services with regard to securities if it is established that the stockbroking company in question meets the conditions for the provision of those services.

(2) The Agency shall refuse to grant an authorisation to provide services with regard to securities:

1. if the shareholders in possession of qualifying holdings failed to obtain the authorisation referred to in the first paragraph of Article 82 herein;

2. if a management board member failed to obtain the authorisation to perform the function of management board member;

3. if the stockbroking company fails to meet other conditions for the provision of services to which the application for authorisation refers.

(3) The Agency shall, in the operative provisions of the decision referred to in the first paragraph hereunder, state the services to which the authorisation applies.

Authorisation for merger or separation

Article 95

(1) Stockbroking companies planning to merge or separate shall be obliged to obtain the authorisation to be granted by the Agency for merger or separation.

(2) With regard to the authorisation for merger or separation, the provisions of this Act referring to the authorisation to provide services with regard to securities shall apply as appropriate.

(3) When, due to merger or separation, one or several new stockbroking companies are created, the Agency shall adopt decisions with regard to the authorisation to provide services with regard to securities of new stockbroking companies jointly with adopting decisions on the authorisation for merger or separation.

5.2.9. Provision of services with regard to securities outside the territory of the Republic of Slovenia
Provision of services in a Member State

Article 96

A stockbroking company may provide services with regard to securities for which it has obtained the authorisation granted by the Agency in the territory of a Member State either through a branch or directly, if it meets the conditions stipulated in the regulations of that Member State.

Provision of services in a Member State through a branch

Article 97

(1) A stockbroking company planning to open a branch in a Member State shall be obliged to notify the Agency accordingly and to state the Member State in which it plans to open a branch. The notification must include:

1. a description of services to be provided by the branch and its business plan;
2. the names of persons authorised to manage the branch’s operation;
3. the address of the branch in the Member State at which documentation with regard to that branch will be available;

(2) The Agency shall be obliged, within three months of its receipt, to submit the notification referred to in the first paragraph hereunder together with enclosures to the responsible supervisory authority of the Member State and inform the stockbroking company accordingly.

(3) The Agency shall be obliged, together with the notification referred to in the second paragraph hereunder, to submit to the responsible supervisory authority of the Member State the following:

1. data on the amount of capital and capital adequacy of the stockbroking company,
2. a detailed description of the system of guarantees for investors’ claims in the Republic of Slovenia.

(4) Notwithstanding the provision of the second paragraph hereunder, the Agency shall refuse to submit the notification to the supervisory authority of the Member State if it is established on the basis of the data available and documents referred to in the first paragraph hereunder and taking into consideration the planned volume of business, that reasonable doubt exists as to whether the organisation and management of the branch and/or the stockbroking company’s financial standing are adequate.

(5) The stockbroking company shall be obliged to notify the Agency of any change to the data referred to in the first paragraph hereunder at least one month prior to the planned change. The Agency shall be obliged to submit the notification to the responsible supervisory authority of the Member State within three months of receipt.

Direct provision of services in a Member State

Article 98

(1) A stockbroking company planning to commence direct provision of services with regard to securities in the territory of a Member State shall be obliged to notify the Agency accordingly and to specify the Member State in which it plans to commence direct provision of services. The said notification must also include a description of the services to be provided in the Member State and a business plan with regard to those services.

(2) The Agency shall be obliged, within one month of the receipt of the notification referred to in the first paragraph hereunder, to submit that notification together with enclosures to the responsible supervisory authority of the Member State and inform the stockbroking company accordingly.
Supervision of the provision of services in a Member State

Article 99

(1) The Agency shall exercise supervision over the branch of the stockbroking company in a Member State.

(2) The Agency may request that the responsible authority of a Member State in which the stockbroking company provides services with regard to securities exercise supervision over the stockbroking company’s operation in that Member State if the supervision procedure is thereby made quicker and/or simpler and if this is in line with the principles of economy, efficiency, and effectiveness. Authorised persons from the Agency may, under the same conditions, participate in the supervisory procedure exercised by the responsible supervisory authority of the Member State.

(3) If a stockbroking company which provides services with regard to securities in a Member State violates regulations of the Member State despite a warning of that Member State’s responsible supervisory authority, the Agency shall take supervisory measures pursuant to this Act. The Agency shall be obliged to notify the responsible supervisory authority immediately of the measures adopted.

(4) If the stockbroking company has its authorisation to provide services with regard to securities withdrawn by the Agency or it is temporarily prohibited from providing those services, the Agency shall be obliged to notify immediately and in writing the responsible supervisory authorities of those Member States in which the stockbroking company in question provides services with regard to securities.

Provision of services abroad

Article 100

(1) A stockbroking company shall only be allowed to provide services with regard to securities abroad through a branch.

(2) The setting up of a branch by the stockbroking company abroad shall be subject to authorisation to be granted by the Agency.

(3) With regard to making decisions on the authorisation to set up a branch abroad, the provisions of the first and fourth paragraphs of Article 97 herein shall apply as appropriate.

(4) The Agency shall also refuse to grant an authorisation to set up a branch abroad if, taking into account the regulations of the country in which the stockbroking company plans to set up a branch and/or taking into account the practice usually pursued in applying and implementing the said regulations, it is likely that the exercise of supervision pursuant to the provisions of this Act will be made impossible or considerably hindered.

5.3. Branches and free provision of services by Member State stockbroking companies

Article 101

(1) A stockbroking company which is entitled to provide all or individual services with regard to securities in a Member State shall also be allowed to provide those services in the territory of the Republic of Slovenia either through a branch or directly.

(2) With regard to the stockbroking company referred to in the first paragraph hereunder providing services with regard to securities through a branch, the following provisions of this Act and regulations issued on the basis hereof shall apply:
1. the provisions of chapter 7;
2. the provisions of chapter 9;
3. the provisions of chapter 15 and
4. the provisions of Articles 229 to 231, Article 247 and Article 248 herein.

(3) With regard to the stockbroking company referred to in the first paragraph hereunder providing services with regard to securities directly, the provisions of this Act and regulations issued on the basis hereof referred to in points 1, 3, and 4 of the preceding paragraph shall apply.

Commencement of operation

Article 102

(1) The Member State stockbroking company referred to in the first paragraph of Article 101 herein may commence operation through a branch within a time period of two months counted from the day when the Agency receives the notification containing the data laid down in the first and third paragraphs of Article 97 herein from the responsible Member State supervisory authority.

(2) The Member State stockbroking company referred to in the first paragraph of Article 101 herein may commence the direct provision of services with regard to securities in the territory of the Republic of Slovenia immediately after the Agency receives the notification containing the data laid down in the first and third paragraphs of Article 97 herein from the responsible Member State supervisory authority.

(3) The Member State stockbroking company referred to in the first paragraph hereunder shall be obliged to notify the Agency of any planned change to data from items 1 to 3 of the first paragraph of Article 97 herein at least one month prior to the planned change.

Supervision of a branch of a Member State stockbroking company

Article 103

(1) The responsible Member State supervisory authority and/or persons authorised by it may, in the territory of the Republic of Slovenia, examine the operation of the branch of that Member State stockbroking company.

(2) In the event referred to in the first paragraph hereunder, the responsible supervisory authority and/or persons authorised by it shall have the same responsibilities as the Agency pursuant to the provisions of Articles 344 to 348 herein.

(3) At the request of the responsible Member State supervisory authority, the Agency shall be obliged to examine the operation of the operation of the branch of that Member State stockbroking company in the territory of the Republic of Slovenia.

(4) Notwithstanding the provisions of the preceding paragraphs hereunder, the Agency shall be responsible for examining the operation of the branch of that Member State stockbroking company in the territory of the Republic of Slovenia pursuant to the provisions of Articles 344 to 348 herein in order to find out whether the branch is acting in compliance with the provisions of the second paragraph of Article 101 herein.

Supervisory measures taken against a Member State stockbroking company

Article 104

(1) If a Member State stockbroking company in the territory of the Republic of Slovenia violates the provisions of the third paragraph of Article 101 herein and/or if the branch of the stockbroking company violates the provisions of the second paragraph of Article 101 herein, the Agency shall
issue an order whereby they are obliged to eliminate the violation.

(2) If a Member State stockbroking company and/or its branch fails to act in compliance with the order referred to in the first paragraph hereunder within the time period laid down in that order, the Agency shall notify the responsible Member State supervisory authority accordingly.

(3) The Agency may, with regard to violations committed in the territory of the Republic of Slovenia, impose on the Member State stockbroking company and/or its branch a temporary ban on the provision of services and/or a ban on the provision of services if the conditions stipulated in the first paragraph of Article 204 and/or the first paragraph of Article 205 herein are met.

(4) Prior to imposing the measure referred to in the third paragraph hereunder, the Agency shall be obliged to notify the responsible Member State supervisory authority.

(5) Notwithstanding the provision of the fourth paragraph hereunder, the Agency may, without previously notifying the responsible Member State supervisory authority, impose on the Member State stockbroking company a temporary ban on the provision of services, if the delay entailed by the notification process would harm the investors' interests.

(6) In the event referred to in the fifth paragraph hereunder, the Agency shall be obliged to notify the responsible Member State supervisory authority and the European Commission of the temporary ban on the provision of services at its earliest convenience.

5.4. Provision of services by foreign stockbroking companies

Provision of services with regard to securities by foreign stockbroking companies

Article 105

A foreign stockbroking company may only provide services with regard to securities in the territory of the Republic of Slovenia through a branch.

Authorisation to establish a branch

Article 106

(1) A foreign stockbroking company shall be allowed to establish a branch in the territory of the Republic of Slovenia if it is granted an authorisation by the Agency.

(2) An application for authorisation to establish a branch must include:

1. the articles of association of a branch;
2. a copy from the Companies’ Register or other relevant register kept in the country where the parent stockbroking company’s head office is located;
3. the statute and/or regulations of the parent stockbroking company;
4. audited business reports of the parent stockbroking company for the last three years of operation;
5. if the copy referred to in point 2 does not state the owners of the parent stockbroking company: an appropriate document giving an authentic record of the owners and their shares in the management of the parent stockbroking company;
6. a copy from the Companies’ Register or other relevant register kept in the country where the head offices of those legal entities are located which participate in the management of the parent stockbroking company with holdings of more than 10%;
7. a description of the services to be provided by the branch, and a two-year business plan;
8. documents to be determined by the Agency on the basis of which it is possible to establish whether the branch in question is qualified, in terms of personnel, technical issues and organisation, to provide the services referred to in the application.

(3) The Agency may, as a condition for granting an authorisation to establish a branch of a foreign stockbroking company, request that the foreign stockbroking company in the territory of the Republic of Slovenia deposit an amount of money and/or other adequate financial assets as a security to meet the obligations arising from deals made in the territory of the Republic of Slovenia.

(4) The Agency shall grant an authorisation to establish a branch of a foreign stockbroking company if it is established, on the basis of both the data presented and documents enclosed in the application, that the branch is qualified, in terms of its finance, management, organisation, personnel and technical issues, to provide services in accordance with the provisions of this Act.

(5) The supervisory authority shall refuse to grant an authorisation to establish a branch of a foreign stockbroking if it is established, taking into account the regulations of the country in which that stockbroking company’s head office is located and/or taking into account the practice usually pursued in implementing the said regulations, it is likely that the exercise of supervision pursuant to the provisions of this Act will be made impossible or considerably hindered.

Application of provisions

Article 107

(1) The provision of the third paragraph of Article 191 herein shall apply to a foreign stockbroking company which has established a branch in the territory of the Republic of Slovenia.

(2) With regard to the branch of a stockbroking company referred to in the first paragraph hereunder, the following provisions of this Act and regulations issued on the basis hereof shall apply:

1. the provisions of chapter 7;
2. the provisions of chapter 9;
3. the provisions of chapter 15 and
4. the provisions of Articles 247 and 248 herein.

(3) The provisions of chapter 11 herein shall apply as appropriate to the supervision of the branch of a stockbroking company referred to in the first paragraph hereunder.

(4) The provisions of this Act referring to the management board of a stockbroking company shall apply as appropriate to managers of the branch of a stockbroking company referred to in the first paragraph hereunder.

(5) The Agency shall also withdraw the authorisation for the establishment of a branch:

1. if the supervisory authority of a foreign stockbroking company has withdrawn the authorisation to provide services with regard to securities from that stockbroking company;
2. if the branch fails to meet the obligations regarding the guarantee to be set aside for investors’ claims.

5.5. Persons allowed to provide services with regard to securities
Stockbrokers

Article 108

(1) Services relating to the execution of clients' orders, securities management and the advising of clients on the buying and selling securities may, within a stockbroking company, only be provided by stockbrokers.

(2) A stockbroker shall be a person holding a valid authorisation granted by the Agency to provide stockbroking services.

Conditions for the provision of stockbroking services

Article 109

(1) In order to obtain an authorisation to provide stockbroking services, a person must meet the following conditions:

1. he/she must have a minimum of one year's experience relating to securities transactions;

2. he/she must have successfully passed the examination of expertise necessary for providing stockbroking services;

3. he/she has must not have been given a non-suspended sentence for a crime against property or the economy with imprisonment of more than three months which has not yet been expunged.

(2) The Agency shall prescribe the programme for and the method of taking the examination of expertise referred to in item 2 of the first paragraph hereunder.

Authorisation to provide services

Article 110

(1) The application for authorisation to provide stockbroking services must be furnished with evidence that the conditions referred to in the first paragraph of Article 109 herein have been met.

(2) The Agency shall grant the authorisation referred to in the first paragraph hereunder if it is established that the person in question meets the conditions set for the provision of stockbroking services.

(3) The Agency shall refuse to grant the authorisation if it is evident from the data available that, with regard to the services or operations provided by the person or with regard to the actions carried out by that person, the operation of the stockbroking company could be threatened in accordance with the rules on risk management and/or rules on prudent and careful operation.

(4) The Agency shall also refuse to grant the authorisation referred to in the first paragraph hereunder if the authorisation to assume the function of management board member of a stockbroking company or authorisation to provide stockbroking services has been previously withdrawn from the person in question.

Stockbrokers’ rules of conduct

Article 111

(1) In performing operations entrusted by clients to the stockbroking company, stockbrokers shall be obliged to act with due professional care and to protect the clients' interests.

(2) Stockbrokers shall not be allowed to persuade clients to buy or sell certain securities with the sole intention of charging commission.
Withdrawal of authorisation to provide services

Article 112

(1) The Agency shall withdraw the authorisation to provide services:

1. if the authorisation was obtained by stating false data;
2. if a stockbroker was given a non-suspended sentence for a crime against property or the economy with imprisonment of more than three months;
3. if a stockbroker violates the obligation to maintain classified data (Article 177),
4. if a stockbroker violates the prohibition of manipulation (Article 248);
5. if a stockbroker violates the prohibition of the use of inside information (Article 276);
6. if a stockbroker acts in severe contravention of the provisions of chapter 6 herein and/or regulations issued on the basis hereof;
7. if a stockbroker acts in severe contravention of the rules pertaining to the organised market (Article 247);

(2) As severe violation of the provisions referred to in items 6 and/or 7 of the first paragraph hereunder shall be deemed the following:

1. any violation incurring damage to a client of the stockbroking company and/or third party, or
2. recurrent violation of the said provisions.

(3) If proceedings for the withdrawal of the authorisation to provide services were initiated against a person as a result of violations referred to in item 3 of the first paragraph hereunder, the Agency may join the said proceedings with the proceedings for withdrawal of the authorisation to provide services with regard to securities initiated against the stockbroking company as a result of the same violation.

6. RISK MANAGEMENT

6.1. General provisions

Risk management

Article 113

(1) A stockbroking company must ensure that at any point of time it maintains adequate capital for both the volume and type of services with regard to securities provided, as well as the risks to which it is exposed in providing those services (capital adequacy).

(2) A stockbroking company shall be obliged to operate so as to provide that the risks to which it is exposed in its individual or all types of operations never exceed the restrictions stipulated in this Act and in the regulations issued on the basis thereof.

(3) A stockbroking company shall be obliged to operate so as to be able, at any point in time, to settle debts due (liquidity) and to permanently meet all its obligations (solvency).

Capital of a stockbroking company

Article 114

(1) When calculating capital in order to establish capital adequacy and/or the degree of exposure of
the stockbroking company (hereinafter: capital), account shall be taken of the following items:

1. the paid-up share capital and paid-in capital surplus;
2. the reserves;
3. the retained profit carried over from recent years;
4. the profit for the current business year, but only up to up to 50% of that profit after tax and other levies on that profit have been deducted, if the amount of the profit has been confirmed by a certified auditor;
5. the provisions set aside for general risks referred to in the first paragraph of Article 123 herein;
6. the subordinate debt instruments referred to in Article 115 herein;
7. other items whose properties are identical to the items referred to in points 1 to 3 and 5 hereunder.

(2) In calculating core capital, the following items shall be considered to be deduction items:

1. treasury stock;
2. intangible long-term assets;
3. the retained loss carried over and the loss for the current year;
4. shares and/or holdings on the basis of which the stockbroking company participates in the capital of a bank or other stockbroking company, as well as other investments in the said entities which are taken into account in calculating their capital;
5. illiquid assets referred to in Article 116 herein;
6. other items whose properties are identical to the items referred to in the preceding points hereunder.

(3) The Agency shall prescribe a detailed methodology of calculating capital and capital requirements, in particular:

1. the method of and extent to which individual items are taken into account in calculating the capital of the stockbroking company and its capital adequacy;
2. the detailed characteristics and types of items taken into account in calculating capital and capital adequacy;
3. the detailed characteristics of subordinated debt instruments referred to in Article 115 herein and illiquid assets referred to in Article 115 herein;
4. the detailed method of calculating individual capital requirements referred to in the first paragraph of Article 117 herein.

Subordinate debt instruments

Article 115

Subordinate debt instruments shall be securities and other financial instruments which, in the event of bankruptcy or liquidation of the issuer, are repayable only after other debts with a higher claim have been satisfied and are, considering their maturity and other characteristics, suitable for covering potential losses due to the risks which the stockbroking company is exposed to in performing its operations.
Illiquid assets

Article 116

Illiquid assets shall be the stockbroking company's investments in shares of the stock exchange, clearing and deposit house, claims arising from payments into the guarantee fund held by the clearing and deposit house, claims arising from payments into other funds held as a mutual guarantee for meeting obligations of several entities, and other assets which cannot be converted into cash within the time needed for the timely meeting of due obligations.

6.2. Capital adequacy

Minimum capital of a stockbroking company

Article 117

(1) The capital of a stockbroking company must, at any point in time, equal the sum of:

1. the capital requirements for covering possible losses due to the risks to which the stockbroking company is exposed in trading securities for its own account and in providing services with regard to initial offerings with mandatory buyout (capital requirements for trading);

2. the capital requirements for covering possible losses due to currency risks to which the stockbroking company is exposed in its operation (capital requirements for currency risks);

3. the capital requirements for covering possible losses due to the risks to which the stockbroking company is exposed in providing services with regard to securities and other operations other than those referred to in item 1 hereunder (capital requirements for services).

(2) Notwithstanding the provision of the first paragraph hereunder, the capital of a stockbroking company must not, at any point in time, be below 150,000,000 SIT and/or 25,000,000 SIT if the stockbroking company in question neither provides services with regard to trading in securities nor services with regard to initial offerings with mandatory buyout.

Calculation of capital requirements

Article 118

(1) Capital requirements for trading shall be calculated in such a manner that the values of securities held by the stockbroking company and its receivables and payables arising from transactions involving securities made for that company's own account are weighted according to:

1. special and general risks with regard to changes in the prices of securities;

2. risks with regard to the performance by another party to the contract;

3. risks with regard to large exposure to an individual entity and its related entities.

(2) Capital requirements for currency risks shall be calculated in such a manner that the value of those assets held by the stockbroking company whose value depends on the exchange rate of the relevant foreign currency is weighted according to the risks related to changes in the exchange rate of that foreign currency.

(3) Capital requirements for services shall be calculated in such a manner that receivables and other assets other than those referred to in the first paragraph hereunder and possible (contingent) liabilities arising from transactions referred to in point 3 of the first paragraph of Article 117 herein are weighted according to:

1. risks with regard to performance by another party to the contract;
2. other risks to which the stockbroking company is exposed in providing the services referred to in item 3 of the first paragraph of Article 117 herein.

(4) The Agency shall prescribe the method for weighting risks referred to in the preceding paragraphs hereunder and the methods of calculating capital requirements.

6.3. Exposure

Definition of exposure

Article 119

(1) A stockbroking company’s exposure to an individual entity shall be a sum of all receivables and conditional receivables from that entity, the value of investments in securities of that entity and the value of stakes in that entity held by the stockbroking company.

(2) In calculating exposure, two or several entities mutually related in such a way that, in relation to the stockbroking company, they represent an individual risk shall also be considered as an individual entity.

Highest exposure permitted

Article 120

(1) A stockbroking company’s exposure to an individual entity and its related entities must not exceed 25% of that stockbroking company’s capital.

(2) Notwithstanding the provision of the first paragraph hereunder, a stockbroking company’s exposure to an entity which is, in relation to the stockbroking company, either its direct or indirect controlling company or which is directly or indirectly controlled by the stockbroking company, and/or exposure to an entity which is directly or indirectly controlled by the same entity as the stockbroking company must not exceed 20% of that stockbroking company’s capital.

(3) If a stockbroking company exceeds the highest exposure permitted referred to in the first and/or second paragraphs hereunder as a result of a merger of two legal entities or due to other reasons which it cannot influence, it shall be obliged to notify the Agency immediately. The notification must include a description of measures to be taken in order to comply with the first and/or second paragraphs hereunder and time periods within which the said measures will be taken.

High exposure

Article 121

(1) High exposure of a stockbroking company shall be the exposure of a stockbroking company to an individual entity and its related entities exceeding 10% of that stockbroking company’s capital.

(2) The sum of all high exposures of the stockbroking company must not exceed 800% of that stockbroking company’s amount of capital.

Exposure regulation

Article 122

The Agency shall prescribe a detailed method of valuating and including individual items in calculating the stockbroking company’s exposure, as well as detailed criteria for taking into account the group of entities referred to in the second paragraph of Article 119 herein.

6.4. Allocation of provisions
Provisions for general risks

Article 123

(1) A stockbroking company may allocate provisions for general risks intended to cover possible losses due to risks pertaining to its general operation.

(2) If a stockbroking company allocates provisions for general risks, it shall be obliged, in its profit and loss account, to separately disclose income and expenses relating to the increasing and/or decreasing of those provisions.

Special provisions

Article 124

(1) A stockbroking company shall be obliged to allocate special provisions with regard to the special risks pertaining to individual operations and/or groups of individual operations.

(2) The special provisions referred to in the first paragraph hereunder shall also involve provisions set down by the stockbroking company with regard to the special risk of uncollectible receivables arising from guarantees for investors’ receivables in the event of the bankruptcy of another stockbroking company.

(3) The Agency shall prescribe the minimum amount and the method of calculating the special provisions referred to in the first and second paragraphs hereunder.

6.5. Liquidity

Liquidity

Article 125

(1) A stockbroking company shall be obliged to manage its assets and liabilities so as to be able, at any point in time, to settle debts due.

(2) In order to secure against liquidity risk, a stockbroking company shall be obliged to devise and implement a policy of regular liquidity management, involving:

1. the planning of both known and possible cash outflows and sufficient cash inflows;
2. the regular monitoring of liquidity;
3. the adoption of appropriate measures to prevent and/or eliminate causes of non-liquidity.

6.6. Measures of monitoring risks and ensuring capital adequacy

6.6.1. Calculating and reporting

Liquidity ratios of assets

Article 126

(1) A stockbroking company shall be obliged to calculate liquidity ratios of its assets on a daily basis.

(2) The Agency shall prescribe a method of calculating liquidity ratios of assets and the minimum liquidity to be ensured by a stockbroking company.

Report on insolvency

Article 127
A stockbroking company shall be obliged to immediately report to the Agency on any inability to pay debts when due.

Monthly calculations

Article 128

A stockbroking company shall be obliged, on a monthly basis and as of the last day of each month, to calculate and establish the following:

1. the total amount of capital;
2. capital requirements;
3. capital adequacy;
4. exposure.

Monthly reports

Article 129

A stockbroking company shall be obliged to make monthly reports to the Agency on its capital, capital requirements, capital adequacy, exposure and liquidity.

Contents and method of reporting

Article 130

The Agency shall prescribe the details of the contents of the reports referred to in Articles 127 and 129 herein as well as the time periods and methods of reporting.

6.6.2. Measures for ensuring capital adequacy and liquidity

Prohibition on distribution of profits

Article 131

(1) A stockbroking company shall not be allowed to distribute its profits either as interim dividends or dividends, nor as payments arising from the participation in the profits by the management board, supervisory board or employees in the following events:

1. if the stockbroking company’s capital is below the minimum capital laid down in Article 117 herein;
2. if, as a result of the distribution of profits, the stockbroking company’s capital would be decreased so much as not to reach the minimum capital laid down in Article 117 herein;
3. if the stockbroking company does not ensure the minimum liquidity referred to in the second paragraph of Article 126 herein;
4. if, as a result of the distribution of profits, the stockbroking company did not ensure the minimum liquidity referred to in the second paragraph of Article 126 herein;

(2) Any resolution adopted by the stockbroking company’ general meeting of shareholders which is in contravention of the first paragraph hereunder shall be null and void.
Management board’s measures

Article 132

(1) If, due to increased capital requirements or other reasons, the capital of a stockbroking company does not reach the minimum capital laid down in Article 117 herein, the management board of the stockbroking company shall be obliged to immediately take those measures designed to ensure the minimum capital which it alone is responsible to decide upon, and/or to devise a proposal regarding those measures on which other bodies of the stockbroking company are responsible to decide upon.

(2) The stockbroking company shall be obliged to notify the Agency about the measures or proposal regarding the measures referred to in the first paragraph hereunder within the monthly report referred to in Article 129 herein.

Temporary ban on the provision of services

Article 133

(1) If it is established by the Agency during its supervision that a stockbroking company does not have the minimum capital laid down in Article 117 herein and/or it is not capable of meeting its due obligations, the Agency may place a temporary ban on the provision of all or individual services with regard to securities.

(2) The provisions of the second to fifth paragraphs of Article 206 herein shall apply as appropriate to the temporary ban referred to in the first paragraph hereunder.

7. RULES OF PRUDENT AND CAREFUL OPERATION

7.1. General provisions

Application of provisions

Article 134

(1) Unless otherwise stipulated in this Act, general conventions of contract law shall apply to legal relationships between the stockbroking company and its clients.

(2) It shall not be possible, by means of an agreement, to exclude or restrict the provisions of this Act relating to prudent and careful operation, unless, with regard to an individual provision, a different agreement between parties to the contract is explicitly permissible and/or a different agreement is in the strong interest of the stockbroking company’s client.

(3) The provisions of this chapter shall also apply to services with regard to derivative financial instruments as appropriate.

Advertising

Article 135

(1) Advertisements whose subject is the provision of services with regard to securities may only be published by stockbroking companies.

(2) It shall be prohibited to publish any advertisement whose contents might mislead investors in terms of the rights and risks attaching to an individual security as well as with regard to the services provided by an individual stockbroking company.

(3) Prior to the publication of an advertisement, the Agency must be notified accordingly.
(4) The Agency shall issue a regulation on advertising whereby individual, actual features of advertising which are prohibited pursuant to the second paragraph hereunder are defined.

7.2. Joint provisions

Stockbroking company’s due care

Article 136

In providing services with regard to securities, a stockbroking company shall be obliged to act with all due care.

General conditions of operation

Article 137

(1) A stockbroking company shall be obliged to stipulate general conditions of the provision of services with regard to securities (general conditions of operation).

(2) General conditions of operation must, for each of the services with regard to securities provided by the stockbroking company, involve the following:

1. provisions regulating the mutual rights and obligations of stockbroking companies and their clients;
2. a description of the risks pertaining to investments in securities.

Publication of general conditions of operation and the price list

Article 138

(1) A stockbroking company shall be obliged, at each premises where its clients are serviced, to enable easy access to the general conditions of operation and price list.

(2) Prior to accepting the first client’s order to buy or sell securities and/or an order to transfer dematerialised securities between clients’ accounts and/or prior to entering into another agreement on services with regard to securities, the stockbroking company shall be obliged to deliver to the client a copy of the general conditions of operation.

(3) The provisions of the first and second paragraph hereunder shall also apply as appropriate when orders referred to in the second paragraph hereunder are, on behalf of and for the account of the stockbroking company, accepted by another legal entity on the basis of an agreement made with the stockbroking company.

Protection of clients’ interests

Article 139

(1) In providing services with regard to securities, a stockbroking company shall be obliged to protect its clients’ interests.

(2) A stockbroking company shall be obliged to inform the client in an appropriate manner about all circumstances relevant to the client’s decisions with regard to orders to buy or sell securities and/or other services provided, as well as the risks pertaining to investments in securities.

(3) A stockbroking company shall be obliged to endeavour to acquire from clients appropriate data on their experience in the field of investments in securities, their financial capabilities and their purposes relating to investments in securities which are relevant to the protection of the clients’ interests with regard to the services provided to them.

Clash of interests
Article 140

(1) A stockbroking company shall be obliged to inform clients about any possible clash between the client’s interests, the interests of the stockbroking company and/or the interests of other clients of the stockbroking company.

(2) A stockbroking company shall be obliged to operate so as to minimalise any possible clash between the clients’ interests, the interests of the stockbroking company and the interests of those employed with the stockbroking company.

Agreement on the provision of services with regard to securities

Article 141

(1) Whenever it is stipulated in this Act that the stockbroking company is obliged to make an agreement with the client on the provision of individual types of services with regard to securities, such an agreement must include:

1. the provision stating that the general conditions of operation make up a constituent part of the agreement;

2. a statement by the client that he/she has been presented with the general conditions of operation prior to making the agreement and that he/she has had the opportunity to become familiar with the contents of the said document.

(2) Any agreement referred to in the first paragraph hereunder which was not made in writing shall be valid but it shall be deemed that, by failing to make the agreement in writing, the stockbroking company acted in contravention of the rules of prudent and careful operation.

7.3. Stockbroking

Stockbroking agreement

Article 142

(1) A stockbroking agreement shall be an agreement whereby the stockbroking company obliges itself to buy and sell securities at the order of and for the account of a client and whereby the client obliges itself to pay a commission with regard to those securities.

(2) Prior to accepting the first individual client’s order to buy or sell securities, the stockbroking company shall be obliged, with the said client, to enter into a general stockbroking agreement in writing.

Accepting clients’ orders

Article 143

(1) A stockbroking company shall accept clients’ orders to buy or sell securities (hereinafter: client’s order) at the head office of the company and/or in the office responsible for the execution of such orders.

(2) A stockbroking company may also accept clients’ orders in writing in its own offices rather than in those executing orders and/or offices of legal entities which, on behalf of and for the account of the stockbroking company, accept clients’ orders if clients come personally to that office of the stockbroking company and/or legal entity.

(3) When a stockbroking company accepts orders in the manner referred to in the preceding paragraph hereunder, the general conditions of operation must stipulate a time period in which the order is to be submitted to the head office of the stockbroking company and/or that office of the
stockbroking company executing clients’ orders. A client must be explicitly reminded of that provision of the general conditions of operation at the time of submitting the order.

(4) An order shall be deemed as accepted when it is accepted by the stockbroking company at its head office and/or at the office of the stockbroking company executing clients’ orders.

Confirmation of acceptance of clients’ orders

Article 144

(1) A stockbroking company shall be obliged to deliver a confirmation of the acceptance of the order to the client.

(2) A stockbroking company shall be obliged to send a confirmation of the acceptance of the order to the client no later than the next working day after the receipt of the order.

(3) The provisions of the preceding paragraphs shall also apply in the event of changing or revoking an order.

Refusal to accept an order

Article 145

(1) If the stockbroking company refuses to accept a client’s order it shall be obliged to notify the client accordingly immediately after the receipt of the order. The notification must involve the reason for the refusal to accept the order.

(2) When a stockbroking company’s general conditions of operation stipulate that the stockbroking company is not obliged to accept the order to sell securities as long as the securities which are the subject of the order are not transferred to the client’s account kept with the stockbroking company, the time period with regard to the notification referred to in the first paragraph hereunder shall run from the moment:

1. when the stockbroking company can establish that the client’s account kept with the stockbroking company does not contain the securities or a sufficient amount of the securities which are the subject of the client’s order; or

2. when the client, together with the order to sell, also submits to the stockbroking company an appropriate order to transfer securities between the accounts of the same holder (the first paragraph of Article 158 herein), when the stockbroking company can establish that it is impossible to execute such an order.

(3) When, in the event of an order to buy, the stockbroking company requires that the client, prior to executing the order, make an advance payment, the time period with regard to the notification referred to in the first paragraph hereunder shall run from the moment when the stockbroking company can establish that such an advance payment was not made.

Execution of clients’ orders

Article 146

(1) A stockbroking company shall only be allowed to execute orders to buy or sell securities on the organised market, unless the client explicitly requires another manner of executing the order.

(2) A stockbroking company shall be obliged to execute the order in accordance with the statement of that order.

(3) If the price and/or minimum price at which the stockbroking company must execute the order to buy and/or sell securities is not determined in the order by the client (hereinafter: order with prudence), such an order shall cease to be valid at the end of the day it is received by the
Method of executing clients’ orders on the organised market

Article 147

(1) A stockbroking company shall execute orders to buy and/or sell securities on the organised market by entering the appropriate offer or demand in the central information base of the stock exchange information system.

(2) A stockbroking company shall be obliged to execute a client’s order as soon as the conditions for the execution of the order are met. It shall be deemed that the conditions for the execution of the order are met when the stockbroking company accepts the order (the fourth paragraph of Article 143 herein) and the time period for refusal to accept the order expires (Article 145 herein).

(3) A stockbroking company shall be obliged to execute the clients’ orders to buy and/or sell securities on the organised market in the chronological order of acceptance of the relevant orders to buy and/or sell.

(4) A stockbroking company shall not be allowed to buy and/or sell securities on the organised market for its own account or for the accounts of those employed with the stockbroking company if, as a result of this, it would not be able to execute a client’s concurrent order to buy and/or sell or if such an order could only be executed under conditions less favourable for the client.

Execution of orders with prudence

Article 148

(1) Notwithstanding the provision of the second paragraph of Article 147 herein, a stockbroking company shall be obliged to execute an order with prudence when it is established with all due care that, taking into account the current market situation, the execution of the order is most favourable to the client’s interests.

(2) In executing an order with prudence, a stockbroking company shall not be allowed to enter a counter order to buy and/or sell securities for the account of another client which submitted an order with prudence for the stockbroking company’s own account or for the accounts of those employed with it with the purpose of obtaining a deal by adjusting the conditions of offer and/or demand for the account of the client with the conditions of offer and/or demand for the account of another client which submitted an order with prudence for the stockbroking company’s own account or for the accounts of those employed with it.

Execution of orders for the account of several clients

Article 149

(1) When a stockbroking company accepts several orders with prudence and/or when it receives several concurrent orders to buy and/or sell securities under equal conditions, it may execute such orders simultaneously (hereinafter: trading for a joint account).

(2) In trading for a joint account, a stockbroking company shall not be allowed to make deals for its own account and/or for the accounts of those employed with it.

(3) When, in trading for a joint account, a stockbroking company makes one or several deals it shall be obliged to transfer the rights and obligations arising from such a deal or deals to clients according to the following rules:

1. if a deal or several deals were made at the same price and the quantity of securities does not, however, suffice for the execution of all the clients’ orders, the first order to be fully executed shall be the order received by the stockbroking company prior to the order placed by the following client;
2. if a deal or several deals were made at various prices, the first order to be fully executed at the
most favourable price shall be the order received by the stockbroking company prior to the order
placed by the following client.

Delivery of securities to the client

Article 150

(1) A stockbroking company shall be obliged, in accordance with the rules regulating the meeting of
obligations arising from deals made on the organised market, to ensure that the securities bought by it
on the organised market for the account of a client be transferred to that client’s account on the day
of the execution of the order.

(2) When, in accordance with the client’s order, the stockbroking company buys dematerialised
securities outside the organised securities market it shall be obliged to ensure that, on the day when
the seller meets its obligations, dematerialised securities bought for the account of a client be
transferred to the account of that client.

(3) The provisions of the first and second paragraphs hereunder shall also apply to securities issued
as written documents kept as a collective deposit by the clearing and deposit house.

(4) When, in accordance with the client’s order, a stockbroking company buys securities issued as
written documents other than those referred to in the third paragraph hereunder, it shall be obliged to
deliver them to the client within two working days after the seller has met its obligation, unless
otherwise agreed upon explicitly by the stockbroking company and the client.

(5) When, in the event referred to in the fourth paragraph hereunder, the stockbroking company and
the client have agreed that the stockbroking company is not obliged to deliver the securities to the
client, it shall only be allowed to keep them for the client’s account if it has obtained the Agency’s
authorisation to provide services with regard to the safekeeping of securities. Otherwise it shall be
obliged, in the time period referred to in the fourth paragraph hereunder, to deliver the securities
bought for the client’s account to another stockbroking company holding the said authorisation.

Clients’ financial assets

Article 151

(1) A stockbroking company shall be obliged to open an account at a bank and/or organisation
responsible for payment transactions through which it shall accept and make payments arising from
deals made for the clients’ accounts, as well as manage clients’ financial assets.

(2) A stockbroking company shall not be allowed to accept and make payments arising from deals
made for its own account through the account referred to in the first paragraph hereunder.

(3) A stockbroking company shall be obliged to remit to the client the proceeds, amounts of cashed
coupons or dividends and/or unused advance payments on the following working day counted from:

1. the receipt of the proceeds arising from the deal made for the account of the client;
2. the cashing of dividends or coupons of securities whose holder is the client;
3. the revocation of the order with regard to which the advance payment was made;

unless otherwise agreed upon by the stockbroking company and the client.

(4) A stockbroking company shall not be allowed to make any use of the clients’ financial assets
either for its own account or for the accounts of other clients.

Statement of deals made
Article 152

A stockbroking company shall be obliged to present to the client a statement of deals made no later than on the following working day after the meeting of the obligation arising from the deal made for the client’s account.

7.4. Keeping accounts of dematerialised securities and the safekeeping of securities

7.4.1. Joint provisions

Application of provisions

Article 153

The provisions of this section shall apply both in the event of the stockbroking company providing to clients only services with regard to keeping accounts of securities and to the safekeeping of securities and in the event of the stockbroking company providing the said services within the framework of stockbroking services, securities management and other services.

7.4.2. Keeping accounts of dematerialised securities

Agreement on keeping accounts of securities

Article 154

(1) An agreement on keeping accounts of dematerialised securities shall be an agreement whereby a stockbroking company obliges itself to open, for a client, an account for dematerialised securities at the clearing and deposit house and, on that account, to manage dematerialised securities on behalf of and for the account of the client and to enter the client’s orders to transfer securities from that account to other accounts, for the provision of which services the client is obliged to pay commission.

(2) Prior to opening an account for an individual client, the stockbroking company shall be obliged to enter into a general agreement on keeping accounts of dematerialised securities with that client in writing.

(3) A stockbroking company shall be obliged to keep accounts of dematerialised securities at the clearing and deposit house and perform transfers between accounts in accordance with both the ZNVP and the rules and instructions of the clearing and deposit house regulating the keeping of the central register of dematerialised securities.

(4) The provisions of this subsection on keeping accounts of dematerialised securities shall also apply as appropriate to the keeping of accounts of securities issued as written documents held as a collective deposit with the clearing and deposit house.

House account

Article 155

(1) A stockbroking company shall be obliged to keep all securities that it holds in a special account kept at the clearing and deposit house (hereinafter: house account).

(2) A stockbroking company shall not be allowed to transfer to the house account those securities held by its clients or acquired for the clients’ accounts.

(3) A stockbroking company shall not be allowed to keep securities that it holds in the clients’ accounts kept at the said stockbroking company or at another stockbroking company.

Clients’ accounts

Article 156
(1) A stockbroking company shall be obliged to keep securities held by an individual client in the account of that client kept at the clearing and deposit house (hereinafter: client’s account).

(2) When a stockbroking company performs services for an individual client with regard to securities management, it shall be obliged to keep the securities which are the subject of the said management in that client’s special account kept at the clearing and deposit house (hereinafter: management account).

(3) A stockbroking company shall be obliged to perform all transfers of securities bought and sold for the account of the client on the basis of the agreement on securities management through the management account.

Opening a client’s account

Article 157

Prior to entering a new client’s account in the central register of dematerialised securities (opening a client’s account), a stockbroking company shall be obliged to verify that client’s identity.

Keeping clients’ accounts

Article 158

(1) A stockbroking company may only enter a client’s order to transfer securities held by that client from the register account and/or the client’s account kept at another stockbroking company to the client’s account kept at the former stockbroking company on the basis of an appropriate written order placed by the client (hereinafter: order for transfer between accounts of the same holder).

(2) A stockbroking company shall not be allowed to enter a client’s order to transfer securities to the account of another client (hereinafter: order for transfer between accounts of several holders) and/or order to subscribe the rights of third parties attaching to securities held by the client (hereinafter: order for registration of the rights of third parties) without an appropriate written order placed by the client.

(3) When an order is placed by the client’s proxy the stockbroking company shall only be allowed to make the proper entry referred to in the first and/or second paragraphs hereunder if the proxy submits a notarially authenticated proxy form issued by the client or if a certain person is, on the stockbroking company’s premises, personally authorised by the holder to dispose of the securities kept at that holder’s account.

Transfer orders

Article 159

(1) Orders for the individual types of transfer referred to in the first and/or second paragraphs of Article 158 herein must contain the data laid down with regard to individual order type in the rules of the clearing and deposit house.

(2) Prior to entering the order referred to in the first paragraph hereunder in the central register of dematerialised securities, the stockbroking company shall be obliged to ascertain the identity of the person placing the order.

(3) It shall be deemed that the order to sell securities on the organised market also involves an order to transfer securities from the client’s account in order to meet the obligation arising from the sale made on the organised market.

(4) The provision of the second paragraph hereunder shall not apply to the orders to transfer securities from the client’s account which are entered by the stockbroking company in providing services with regard to securities management.
Order of entering transfer orders

Article 160

A stockbroking company shall be obliged to enter orders for transfers from an individual holder’s account and/or for the registration of the rights of third parties attaching to securities held by that holder in the chronological order in which complete orders for transfer from that account and/or orders for the registration of the rights of third parties are received.

Form of account statement

Article 161

A stockbroking company shall be obliged to make statements on the balance of and/or transactions on individual accounts by issuing computer printouts from the central information base of the central register of dematerialised securities.

Statement on completed transfers

Article 162

At a client’s request, a stockbroking company shall be obliged, on the day following the receipt of the said request, to make a statement on transactions on the relevant account within a specified period and on the new balance as of the day the statement is made.

Statement on the balance of and transactions on an account

Article 163

(1) A stockbroking company shall be obliged, on a yearly basis, to provide the client with a statement on the balance of and annual transactions on the account of dematerialised securities.

(2) A stockbroking company and its client may agree upon shorter periods of reporting on the balance of and transactions on the account of dematerialised securities.

7.4.3. Safekeeping of securities issued as written documents other than those held as a collective deposit at the clearing and depository house

Application of provisions

Article 164

The provisions of this subsection shall apply to securities issued as written documents other than those kept as a collective deposit at the clearing and depository house.

Safekeeping of securities

Article 165

(1) A stockbroking company shall only be allowed to keep the clients’ securities referred to in Article 164 if it has obtained the Agency’s authorisation to provide services with regard to the safekeeping of securities.

(2) The stockbroking company referred to in the first paragraph hereunder shall keep its clients’ securities and its own securities referred to in Article 155 hereunder according to the rules regulating collective deposit.

(3) Agreements on the safekeeping of securities must be made in writing.
Confirmation of deposit and/or withdrawal

Article 166

(1) At each deposit or withdrawal of securities referred to in Article 164 herein, a stockbroking company shall be obliged to issue a confirmation of deposit and/or withdrawal to the client.

(2) A stockbroking company shall also be obliged to issue a confirmation on deposit to the client when securities are received on the basis of a completed deal relating to the buying of securities made by the stockbroking company for the account of the client.

Book of deposits and withdrawals

Article 167

(1) The stockbroking company referred to in the first paragraph of Article 165 herein shall be obliged to keep a book of deposits and withdrawals, which records all deposits and withdrawals of securities referred to in Article 164 herein in chronological order.

(2) The book of deposits and withdrawals shall also record data on the receipt or disposal of securities referred to in Article 164 herein which are held by the stockbroking company itself.

7.5. Clients’ securities management

Agreement on securities management

Article 168

(1) An agreement on securities management shall be an agreement whereby the stockbroking company obliges itself, in accordance with the investment policy laid down in the agreement and for the account of the client, to invest the client's financial assets in securities with the aim of spreading risk, for which the client is obliged to pay commission.

(2) Agreements on securities management must be made in writing.

(3) The agreements referred to in the first paragraph hereunder must stipulate:

1. the amount of financial assets which the client allocates to the management pursuant to the agreement;

2. the investment policy;

3. the amount of commission and the method of calculating the basis and/or bases of commission.

(4) When, at the time of making the agreement referred to in the first paragraph hereunder, the client allocates securities for management to the stockbroking company, the agreement must involve a special attachment with a list of those securities including their signs and quantities.

(5) The parties to the contract shall devise an investment policy by determining:

1. the type of securities;

2. the characteristics pertaining to the issuers of securities,

3. the maximum permissible portion of investments in the shares of an individual issuer and its related persons,

4. other circumstances relevant to determining the investment's degree of risk exposure.
(6) Unless otherwise stipulated in this section, the provisions of the first paragraph of Article 146, the first and fourth paragraphs of Article 147, the first and second paragraphs of Article 149 and Article 151 herein shall apply to securities management.

Investment types

Article 169

(1) A stockbroking company may only be allowed to invest its clients’ financial assets in marketable securities.

(2) Notwithstanding the provision of the first paragraph hereunder, a stockbroking company may invest its clients’ financial assets in non-marketable securities, if parties to the contract explicitly agree to such investments.

(3) In the event referred to in the second paragraph hereunder, the agreement must stipulate the maximum share of investments in non-marketable securities.

(4) Notwithstanding the provisions of the preceding paragraphs hereunder, a stockbroking company may invest its client’s financial assets on its own behalf and for the account of the client in the form of bank deposits if, due to the current situation in the securities market, it is not possible to fully invest the client’s financial assets in securities in accordance with the investment policy stipulated in the agreement.

(5) When, in the event referred to in the fourth paragraph hereunder, the client’s financial assets exceed 10% of the client’s overall investments, the stockbroking company shall be obliged, prior to depositing those financial assets, to obtain the client’s written approval for such an investment.

Report on investment balance involving a statement of transactions

Article 170

(1) A stockbroking company shall be obliged, at least once every three months as of the last day of the quarter, to send a report on the investment balance involving a statement of transactions to the client for which it provides services with regard to securities management.

(2) A stockbroking company and the client may agree upon a shorter period of reporting.

7.6. Keeping records on clients and transactions, and the safe keeping of documents

7.6.1. Joint provision

Keeping account books, records and documentation

Article 171

A stockbroking company shall be obliged to organise its operations and regularly keep account books, business documents and other administrative and/or business records so as to enable, at any point in time, the verification of any transaction performed for its own account or for its clients’ accounts.

7.6.2. Keeping records

Record of clients

Article 172

A stockbroking company shall keep a record of its clients.
Record of orders and securities transactions

Article 173

A stockbroking company shall keep a record of orders and securities transactions in which entries shall be made of any transaction with regard to the buying or selling of securities made either for the client's account or for its own account.

7.6.3. Keeping and safe keeping of documentation

Documents with regard to servicing clients

Article 174

A stockbroking company shall be obliged to safekeep all documents with regard to the servicing of an individual client separate from documents relating to other clients and documents on the company's own operation.

Documents relating to individual transactions for the clients’ accounts

Article 175

A stockbroking company shall be obliged to retain all documents relating to individual transactions in chronological order, which shall apply to each individual transaction made by the stockbroking company for the accounts of individual clients.

Documents relating to individual transactions

for the stockbroking company’s account

Article 176

The provision of Article 175 herein shall also apply as appropriate to documents relating to transactions made by the stockbroking company for its own account.

7.7. Maintenance of classified information

Obligation to maintain classified information

Article 177

(1) A stockbroking company shall be obliged to maintain as classified that information on the balance of and transactions on the clients’ accounts of securities and other information, facts and circumstances with which it has become familiar by virtue of providing services with regard to securities.

(2) A stockbroking company shall not be allowed to disclose the information referred to in the first paragraph hereunder to third parties, to make use of them itself, or to enable third parties to make use of them.

(3) The obligation to maintain classified data shall also apply to members of bodies of the stockbroking company, those employed with the stockbroking company and other persons providing individual services for the stockbroking company on a contractual basis, and shall be applicable after the cessation of the function or contractual relationship.

Measures designed to maintain classified information

Article 178

(1) A stockbroking company must organise its operation so as to ensure the efficient maintenance of
classified information and to protect against possible misuse of that information.

(2) A stockbroking company shall be obliged to regularly compile a list of securities and/or issuers with regard to which the classified information referred to in the first paragraph of Article 177 herein and/or inside information referred to in Article 275 herein was obtained. All stockbrokers and those employed with the stockbroking company must be familiar with the contents of the said list.

(3) Stockbrokers shall not be allowed to recommend the securities included in the list referred to in the second paragraph hereunder to clients or buy and/or sell them for the account of the stockbroking company, for their own accounts or for the accounts of persons related to the stockbroking company or stockbrokers.

(4) A stockbroking company shall be obliged, with regard to each person referred to in the third paragraph of Article 177 herein, to keep a record of all securities transactions made by the said persons.

(5) A stockbroking company shall be obliged to ensure that the persons referred to in the third paragraph of Article 177 herein regularly report on all their securities transactions and/or securities transactions made by persons related to them.

Communication of classified information

Article 179

(1) A stockbroking company shall only be allowed to communicate the classified information referred to in the first paragraph of Article 177 herein in the following events:

1. on the basis of a written approval given by the client;

2. at the written request of a court and/or responsible administrative body if the information is needed by the court and/or responsible administrative body with regard to individual proceedings pursued by it within the scope of its competency;

3. at the written request of the Agency and/or the Bank of Slovenia if the information is needed by the Agency and/or Bank of Slovenia with regard to individual proceedings pursued by it within the scope of its competency.

(2) Information obtained by the court, responsible administrative body, the Agency or the Bank of Slovenia on the basis of the first paragraph hereunder may only be applied pursuant to the purpose for which they were obtained.

7.8. Regulation on the provision of services with regard to securities

Regulation on the provision of services with regard to securities

Article 180

The Agency shall issue a resolution on the provision of services with regard to securities, whereby it shall stipulate:

1. the detailed data on a client which must be contained in the agreement referred to in the first paragraph of Article 141 herein;

2. the detailed contents of the confirmation of the acceptance of the order referred to in the first paragraph of Article 144 herein;

3. the detailed contents of the statement of completed transactions referred to in Article 152 herein;

4. the detailed method of verifying the client’s identity referred to in Article 157 herein;
5. the details of the contents of the confirmation of deposit and/or withdrawal referred to in the first paragraph of Article 166 herein;

6. the details of the contents and method of keeping the book of deposits and withdrawals referred to in the first paragraph of Article 167 herein;

7. the details of the contents of the report on investment balance involving a statement of the transactions referred to in the first paragraph of Article 170 herein and enclosures thereto;

8. the details of the contents and the method of keeping records on the client referred to in Article 172 herein and the record of orders and securities transactions referred to in Article 173 herein;

9. the method and time schedule for the keeping and safekeeping of documents with regard to servicing an individual client referred to in Article 174 herein and to individual transactions referred to in Articles 175 and 176 herein.

8. COOPERATION WITH SUPERVISORY AUTHORITIES AND EUROPEAN COMMUNITY BODIES

Mutual cooperation of domestic supervisory authorities

Article 181

(1) The Agency and bodies responsible for the supervision of other financial organisations shall be obliged, at the request of an individual body, to submit to the said body all information needed with regard to a financial organisation in order to exercise supervision over that financial organisation, to grant authorisations and/or to adopt decisions with regard to other individual matters.

(2) Supervisory authorities shall be obliged to inform each other of any irregularity uncovered during the supervisory procedure if such irregularities are relevant to the work of other supervisory authorities.

(3) The details of the contents and the method of mutual cooperation of supervisory authorities shall be laid down by the minister responsible for finance on the basis of opinions previously given by supervisory authorities.

Data processing and submission of information

Article 182

(1) The Agency shall be responsible for the collecting and processing of data with regard to the facts and circumstances relevant to the implementation of its tasks and responsibilities laid down in this Act, ZISDU and ZPre.

(2) Data relevant to the implementation of the Agency’s tasks and responsibilities laid down in this Act referred to in the first paragraph herein shall, in particular, be deemed to be the data about:

1. authorisations to provide services with regard to securities and other authorisations and approvals granted by the Agency pursuant to this Act.

2. management and supervisory board members of stockbroking companies, their organisation, and the operation of internal controls and audits;

3. branches and/or the direct provision of services by stockbroking companies in Member States and branches and/or the direct provision of services by Member States stockbroking companies in the Republic of Slovenia;

4. branches of stockbroking companies abroad and branches of foreign stockbroking companies in the Republic of Slovenia;
5. the transactions referred to in Article 277 herein;
6. compliance with the rules on prudent and careful operation;
7. the monthly reports referred to in Article 129 herein;
8. holders of a qualifying holdings referred to in Article 82 herein;
9. the audited annual reports and consolidated annual reports referred to in Article 191 herein;
10. the supervisory measures taken referred to in Article 203 herein;
11. the reports and notifications collected on the basis of Articles 277 and 278 herein;
12. information obtained by the Agency from responsible Member State supervisory authorities within the framework of information exchange.

(3) The information referred to in the second paragraph hereunder may be submitted to:

1. the domestic supervisory authorities within the framework of cooperation of domestic supervisory authorities on the basis of Article 181 herein;
2. the responsible Member State authorities, if they need such information in order to perform their tasks relating to the supervision of services with regard to securities and banking and other financial services pursuant to the ZBan, and if the obligation to maintain classified information applies to those authorities to the extent defined in the first paragraph of Article 303 herein;
3. the responsible authorities of foreign countries if, taking into account the conditions of reciprocity, they need such information in order to perform their tasks relating to the supervision of services with regard to securities and banking and other financial services pursuant to the ZBan, and if the obligation to maintain classified information applies to those authorities to the extent defined in the first paragraph of Article 303 herein;
4. the court if it needs such information in the bankruptcy procedure against a stockbroking company;
5. the Slovenian Auditing Institute, if it needs such information in the process of supervising the auditing company which audited the financial statements of the stockbroking company.

(4) Notwithstanding the provision of the third paragraph hereunder, the Agency shall only be allowed to submit the information referred to in point 12 of the second paragraph hereunder if this is explicitly allowed by the authority which submitted the information.

(5) The Agency shall also collect the information referred to in the second paragraph hereunder at the request of:

1. the responsible Member State supervisory authority, if it needs such information in order to perform tasks relating to the supervision of services with regard to securities, banking and other financial services pursuant to the ZBan, and if the obligation to maintain classified information applies to those authorities to the extent defined in the first paragraph of Article 303 herein;
2. the responsible supervisory authority of a foreign country if, taking into account the conditions of reciprocity, it needs such information in order to perform tasks relating to the supervision of services with regard to securities, banking and other financial services pursuant to the ZBan, and if the obligation to maintain classified information applies to those authorities to the extent defined in the first paragraph of Article 303 herein.

List of organised markets
Article 183

(1) The Agency shall keep a list of organised markets.

(2) The Agency shall submit the list of organised markets in the Republic of Slovenia together with the rules of trading on those markets as well as regulations and rules regulating their operation and organisation to the European Commission and Member States.

(3) On the basis of data received from the European Commission and Member States, the Agency shall keep and maintain a list of all organised markets in Member States.

(4) The Agency shall be obliged to submit the data referred to in the third paragraph hereunder to an administrative body or person proving a justified interest in and requesting that data.

Notifying the European Commission

Article 184

The Agency shall be obliged to notify the European Commission on the following:

1. refusals to submit the notification referred to in the third paragraph of Article 97 herein;

2. the measures referred to in the third paragraph of Article 104 herein.

Relations with foreign countries

Article 185

(1) The Agency shall be obliged to notify the European Commission about the following:

1. the granting of any authorisation to a stockbroking company whose direct or indirect controlling company is a legal entity with its head office in a foreign country;

2. the granting of any authorisation to acquire a qualifying holding on the basis of which a foreign entity may become the controlling company of a stockbroking company;

(2) The Agency shall notify the European Commission about any significant obstacles encountered by stockbroking companies in providing services with regard to securities in foreign countries.

(3) If the European Community decides that the Member State supervisory authorities must suspend and/or cancel the process of adopting decisions with regard to requests of entities from individual foreign countries, the Agency shall be obliged to issue a resolution whereby it suspends, for a maximum of three months, the process of adopting decisions with regard to the following matters:

1. those applications for authorisations to be granted to a stockbroking company whose direct or indirect controlling company is a legal entity with its head office in a foreign country to which the European Commission’s decision refers;

2. those applications for authorisations to acquire a qualifying holding on the basis of which a foreign entity with its head office in a foreign country becomes the controlling company of a stockbroking company to which the European Commission’s decision refers.

(4) The deadline for adopting the decisions referred to in Article 374 herein shall not run during the period of suspension of the procedure pursuant to the third paragraph hereunder.

(5) If the European Council decides to prolong the suspension and/or cancellation of the processes referred to in the third paragraph hereunder, the Agency shall be obliged to issue a resolution whereby it prolongs the suspension of the procedure referred to in the third paragraph hereunder for the period stipulated in the European Council’s decision.
(6) Measures referred to in the third and fifth paragraphs hereunder shall not apply to:

1. the establishment of a stockbroking company as a controlled company of a stockbroking company which, at the time of adopting the decision referred to in the third and/or fifth paragraphs hereunder, has the right to provide services with regard to securities in a Member State and/or the establishment of a company controlled by the said stockbroking company;

2. the acquisition of a qualifying holding by a stockbroking company which, at the time of adopting the decision referred to in the third and/or fifth paragraphs hereunder, has the right to provide services with regard to securities in a Member State and/or the acquisition of a qualifying holding by a company controlled by the said stockbroking company.

(7) The Agency shall be obliged to notify the European Commission at its request about any application for the authorisation referred to in the first paragraph hereunder if the European Commission needs the said information in order to establish certain facts relevant to the process of adopting the decision referred to in the third and/or fourth paragraphs hereunder.

9. BOOKS OF ACCOUNT AND BUSINESS REPORTS

General provision

Article 186

A stockbroking company shall be obliged to keep books of account, compile accounting documents, value book items and compile financial statements pursuant to the Companies Act and other regulations and shall be, in so doing, obliged to adhere to the accounting and financial standards, as well as the principles and general accounting assumptions issued by the Slovenian Auditing Institute, unless otherwise stipulated in this chapter.

Keeping books of account, records and documentation

Article 187

A stockbroking company shall be obliged to organise its operations and regularly keep books of account, business documents and other administrative and/or business records so as to make it possible, at any point in time, to verify whether its operations are in accordance with the rules on risk management and the rules of prudent and careful operation.

Chart of accounts and financial statement schemes

Article 188

(1) A stockbroking company shall classify data in financial records in accordance with the chart of accounts applicable to companies, whereby the analytical chart of accounts applicable to stockbroking companies shall be used.

(2) In compiling financial statements, a stockbroking company shall apply those financial statement schemes to be used by stockbroking companies.

Annual and interim reports

Article 189

(1) A stockbroking company shall compile financial and consolidated financial statements, as well as business reports relating to a business year, which shall be the same as the calendar year.

(2) A stockbroking company shall compile annual and interim reports.
Article 190
On the basis of a prior consultation given by the Slovenian Auditing Institute, the Agency shall issue a resolution on books of account and business reports of stockbroking companies, whereby it shall prescribe:

1. an analytical chart of accounts to be used by stockbroking companies;
2. the types and schemes of financial statements to be compiled by stockbroking companies;
3. the details of the contents of business reports to be compiled by stockbroking companies and the data to be included in the said reports.

10. AUDITING
Auditing of annual reports and consolidated annual reports

Article 191
(1) Annual reports of stockbroking companies and consolidated annual reports of financial groups must be audited by a certified auditor.

(2) The tasks involved in auditing the annual reports referred to in the first paragraph hereunder may, within an auditing house, be performed by a certified auditor holding a certificate issued by the Slovenian Auditing Institute relating to the performance of an audit.

(3) A stockbroking company shall be obliged to submit the audited annual reports to the Agency within eight days of their receipt and/or no later than four months from the end of the calendar year, and the audited consolidated annual reports to the Agency no later than five months from the end of the calendar year.

Contents of the audit

Article 192
(1) An auditor shall, in particular, audit and report on the following:
1. the balance sheet;
2. the profit and loss account;
3. the cash flow statement;
4. compliance with the rules on risk management;
5. compliance with the rules on prudent and careful operation;
6. the status of internal controls;
7. the method of keeping books of account;
8. the quality of the information system in a stockbroking company;
9. the regularity and completeness of notifications and reports submitted to the Agency.

(2) On the basis of a prior consultation given by the Slovenian Auditing Institute, the Agency shall prescribe a detailed form and minimum extent and contents of an audit and audit report.

(3) The Agency may require additional explanations from the auditors with regard to the audit
performed.

(4) If the audit and/or the audit report are not performed and/or compiled in accordance with the first and second paragraphs hereunder, the Agency shall refuse the report and request that the audit be performed by another auditor at the expense of the stockbroking company.

Publication of the summary of the audit report

Article 193

(1) A stockbroking company shall publish the summary of the audited annual report with the auditor’s opinion in a daily newspaper and/or specialised financial journal published at least once in a month within fifteen days of its adoption at the general meeting of shareholders and no later than six months from the end of the calendar year, and the summary of the audited consolidated annual report with the auditor’s opinion no later than seven months from the end of the calendar year.

(2) The Agency shall prescribe the details of the contents of the summary referred to in the first paragraph hereunder.

11. SUPERVISION OF STOCKBROKING COMPANIES

11. 1. General provisions

Supervision of stockbroking companies

Article 194

(1) The Agency shall exercise supervision over stockbroking companies in order to examine whether stockbroking companies adhere to the rules of risk management, rules of prudent and careful operation and other rules stipulated in this Act, ZISDU, ZPre and ZNVP and/or other acts regulating services with regard to securities and regulations issued on the basis thereof.

(2) In cooperation with the Bank of Slovenia, the Agency shall also exercise supervision over the operation of banks relating to the provision of services with regard to securities.

(3) The stock exchange and/or the clearing and depository house shall be obliged to immediately notify the Agency of any violation committed by a stockbroking company, if such violations are uncovered during the supervisory procedure for which they are responsible pursuant to this Act.

Method of exercising supervision

Article 195

The Agency shall exercise supervision over stockbroking companies by:

1. monitoring and examining reports and notifications submitted to the Agency by the stockbroking companies and/or other entities;

2. examining the operations of stockbroking companies;

3. imposing supervisory measures pursuant to this Act.

Annual fee for exercising supervision

Article 196

(1) With regard to exercising the supervision referred to in points 1 and 2 of Article 195 herein, stockbroking companies shall pay the Agency a fee for supervision which, taking into account the volume of business of an individual stockbroking company, shall be fixed in the Agency’s tariff.
(2) The Agency may fix the fee referred to in the first paragraph hereunder at such a level that the sum of the fees which all stockbroking companies are obliged to pay for an individual year does not exceed the costs involved in the supervision referred to in points 1 and 2 of Article 195 herein.

(3) If a stockbroking company fails to pay the fee within the time period set out in the Agency’s tariff the Agency shall issue a decision whereby it obliges the stockbroking company to pay the said fee.

(4) The final decision referred to in the third paragraph hereunder shall be an executory titles.

Costs of supervision

Article 197

(1) When a supervisory measure pursuant to this Act is imposed on a stockbroking company, the stockbroking company shall be obliged to pay to the Agency a lump-sum fee for supervision which, taking into account the type and extent of violations, is determined in the Agency’s tariff.

(2) The Agency shall decide on the payment of the fee referred to in the first paragraph hereunder by issuing an order and/or decision on imposing the supervisory measure in question.

(3) It shall be allowed to appeal the decision on the payment of the fee referred to in the second paragraph hereunder even in the event where appeals against an order and/or a decision on imposing the supervisory measure are not permissible.

(4) The final decision referred to in the third paragraph hereunder shall be an executory title.

11.2. Reporting

Regular reporting

Article 198

A stockbroking company shall be obliged to report to the Agency on the facts and circumstances relating to:

1. data on its investments in securities and aggregate data on its clients’ investments in securities, bank deposits and the balance of unused financial assets kept in the clients’ accounts;
2. changes to share capital, mergers and changes to other data entered in the Companies’ Register;
3. holders of stakes and/or shares of the stockbroking company and acquisitions of and/or changes to qualifying holdings relating to the shares of the stockbroking company referred to in Article 82 herein;
4. its equity interest in other stockbroking companies;
5. changes to the general conditions of operation;
6. changes to the management board members;
7. its personnel structure and stockbrokers;
8. the entering into an agreement to provide services with regard to a first offering with mandatory buyout;
9. its business reports.

Reporting at the Agency’s request
A stockbroking company shall be obliged, at the Agency's demand and within the time period set by the latter, to submit to the Agency all reports and information regarding matters relevant to the exercise of supervision and/or performance of other responsibilities and tasks by the Agency.

Regulation on reporting

Article 200

The Agency shall issue a resolution on reporting whereby it prescribes the details of the contents of the reports referred to in Article 198 herein, and the method and time periods for reporting on the facts and circumstances referred to in Article 198 herein.

11.3. Supervisory measures

11.3.1. General provision

Supervisory measures

Article 201

Supervisory measures pursuant to this Act that may be imposed on a stockbroking company shall be the following:

1. issuing an order to eliminate violations;
2. imposing an additional measure;
3. a temporary ban on the provision of services;
4. withdrawal of authorisation.

11.3.2. Elimination of violations

Order to eliminate violations

Article 202

(1) The Agency shall issue an order to eliminate violations if it is established during the supervisory procedure of a stockbroking company that:

1. a management board member of the stockbroking company does not have the approval referred to in Article 86 hereunder;
2. the stockbroking company fails to meet the conditions for the provision of services referred to in Article 89 herein;
3. the stockbroking company provides services with regard to securities for which it has not obtained the authorisation of the Agency and/or it performs operations which, pursuant to this Act, it is not allowed to perform;
4. the stockbroking company violates the rules on risk management;
5. the stockbroking company violates the rules on prudent and careful operation;
6. the stockbroking company violates the rules on keeping books of account and business reports and/or those on auditing annual reports;
7. the stockbroking company violates the obligation to report and notify;
8. the stockbroking company violates other rules relating to the securities market and/or securities transactions.

(2) In the order referred to in the first paragraph hereunder, the Agency shall set a deadline for the elimination of violations.

Imposing an additional measure

Article 203

(1) The Agency shall impose an additional measure whereby the responsible body of the stockbroking company is obliged to discharge a member or several members of the management board of the stockbroking company if:

1. the stockbroking company has failed to comply with the order to eliminate violations, or
2. the stockbroking company has recurrently violated the obligation to regularly report to and/or notify the Agency or has otherwise hindered the exercise of supervision.

(2) The provisions of this Act with regard to the order on the elimination of violations shall apply as appropriate to the order on the imposition of an additional measure referred to in the first paragraph hereunder.

Temporary ban on the provision of services

Article 204

(1) The Agency shall temporarily prohibit the stockbroking company from providing services with regard to securities in the following events:

1. if the stockbroking company has failed to organise its operations and regularly keep books of account, business documents and other administrative and/or business records thereby rendering it impossible, at any point in time, to verify whether its operations are in accordance with the rules on risk management and the rules of prudent and careful operation;
2. the stockbroking company has failed to comply with the order to eliminate violations, or
3. the stockbroking company has recurrently violated the obligation to regularly report to and/or notify the Agency or otherwise hindered the exercise of supervision.

(2) The ban referred to in the first paragraph hereunder shall remain in force until the decision is issued whereby the Agency establishes that the violations have been eliminated and/or until the decision to withdraw authorisation becomes final.

(3) The decision referred to in the first paragraph hereunder shall also be served to the stock exchange and the clearing and depository house, which shall both be obliged to terminate the membership of the stockbroking company to which the ban refers for the period that the ban remains in force.

(4) By issuing the decision referred to in the first paragraph hereunder, the Agency may also:

1. prohibit the clearing and depository house from executing the stockbroking company’s orders to transfer securities from its house account and/or its clients’ accounts;
2. prohibit the organisation responsible for payment transactions from executing the stockbroking company’s orders to transfer financial assets from the stockbroking company’s accounts.

(5) In the event referred to in the fourth paragraph hereunder, the decision shall also be served to the organisation responsible for payment transactions.
11.3.3. Withdrawal of authorisation

Reasons for withdrawal of authorisation to provide services

Article 205

(1) The Agency shall withdraw from the stockbroking company the authorisation to provide services with regard to securities in the following events:

1. if the stockbroking company violates: the obligation to maintain classified information (Article 177), the prohibition of manipulation (Article 248) or the prohibition of the use of inside information (Article 276),

2. if the stockbroking company does not commence operation within 12 months of the granting of authorisation or if it discontinues its operation for more than 6 months,

3. if the authorisation was obtained by stating false data,

4. if the responsible body of the stockbroking company adopts a resolution to change activities, on the basis of which the stockbroking company will not provide services with regard to securities any more,

5. if the stockbroking company fails to meet the conditions relating to capital adequacy and other conditions of operation in accordance with the rules on risk management,

6. if the Agency has imposed the additional measure referred to in the first paragraph of Article 203 herein and, in the time period given to comply with the measure imposed, the responsible body of the stockbroking company has failed to discharge a member or several members of the management board and appoint new ones, and if in the event that the newly appointed members have not, within a period of two months from their appointment, managed to eliminate the violations which were the reason for the additional measure referred to in the first paragraph of Article 203 herein,

7. if the stockbroking company violates the decision imposing a temporary ban on the provision of services referred to in Article 204 herein,

8. if grounds exist for the withdrawal of the authorisation to acquire a qualifying holdings referred to in Article 84 herein from an entity which is a direct or indirect controlling company of the stockbroking company.

(2) If it is evident from the data available to the Agency that there is a strong suspicion that, with regard to a bank, one of the grounds referred to in the first paragraph hereunder exists, the Agency shall propose to the Bank of Slovenia to take measures pursuant to the ZBan.

Conditional withdrawal of authorisation

Article 206

(1) In issuing the decision on the withdrawal of authorisation, the Agency may also state that the withdrawal of authorisation will not be executed if the stockbroking company does not, within the time period set by the Agency which may not be shorter than one year or longer than five years (probationary period), commit another violation due to which the authorisation may be withdrawn.

(2) When the Agency decides on a conditional withdrawal of authorisation it may state that the withdrawal of authorisation will also be executed if the stockbroking company fails, within the time period set, to eliminate the violations due to which the authorisation was conditionally withdrawn. The time period for meeting those obligations shall be set by the Agency within the limits of the probationary period.

Revocation of conditional withdrawal of authorisation
Article 207

The Agency shall revoke the conditional withdrawal of authorisation and withdraw the authorisation if, during the probationary period, the stockbroking company commits another violation due to which the authorisation may be withdrawn and/or if it fails to meet the additional conditions referred to in the second paragraph of Article 206 herein.

Public admonition

Article 208

(1) When it is established by the Agency that grounds exist for the withdrawal of authorisation, the Agency may, instead of withdrawing the authorisation, make a public admonition to the stockbroking company.

(2) In deciding whether to make a public admonition instead of withdrawing the authorisation, the Agency shall, in particular, take into account the degree of the violation and the circumstances, and whether a public admonition and/or conditional withdrawal of authorisation have already been imposed on the stockbroking company in question.

(3) After the decision referred to in the first paragraph hereunder becomes final, the Agency shall publish the operative provisions of that decision.

12. SUPERVISION OF OTHER ENTITIES

Supervision of other entities

Article 210

(1) The Agency shall exercise supervision over those entities which, either in addition to other activities or as a sole activity, provide services with regard to securities without obtaining the authorisation to provide services with regard to securities and/or publish advertisements advertising services with regard to securities.

(2) The provisions of this chapter shall also apply as appropriate to the supervision of entities which, either in addition to other activities or as a sole activity, provide services with regard to securities without obtaining the authorisation to provide services with regard to securities.

Order to eliminate violations

Article 211

(1) If it is evident from the data available to the Agency that an entity provides services with regard to securities without obtaining the authorisation to provide services with regard to securities and/or publishes advertisements advertising services with regard to securities, the Agency shall issue an order whereby such an entity is obliged to cease to provide such services and/or to cease to advertise.

(2) In the event referred to in the first paragraph hereunder, the Agency may, prior to issuing the order, examine the books of account and other documents of the entity in question in order to collect other evidence relating to whether the entity provides services with regard to securities.

(3) In the order referred to in the first paragraph hereunder, the Agency shall oblige the entity to submit, within a time period which must not be shorter than 8 days and longer than 15 days, a report describing the measures undertaken in order to cease to provide services with regard to securities and/or to advertise, in which the entity may make its own statement on the soundness of the reasons for issuing the order.
Grounds for liquidation

Article 212

(1) If a legal entity which is undergoing supervision fails to comply with the order referred to in the second paragraph hereunder the Agency shall issue a decision whereby it is established that there exist grounds for liquidation of that entity.

(2) On the basis of the final decision referred to in the first paragraph hereunder the competent court shall, at the proposal of the Agency, initiate the liquidation procedure.

13. TRADING ON THE ORGANISED SECURITIES MARKETS

13.1. General provisions

Organising trading

Article 213

(1) Trading in securities may only be organised by legal entities which have, in accordance with the provisions of this Act, obtained the Agency’s authorisation to organise trading.

(2) Trading in securities may only be organised in accordance with the provisions of this Act referring to trading on organised securities markets.

(3) No entity other than those referred to in the first paragraph hereunder shall be allowed to organise trading in securities.

(4) The organising of trading referred to in the third paragraph hereunder shall be deemed the public offering of securities and/or any other provision of conditions for the connection of supply and demand in securities.

Organised market

Article 214

(1) An organised securities market shall be deemed the securities market which is directly or indirectly accessible by the public, on which there is regular trading and which is supervised by responsible authorities.

(2) The organised markets shall be the official stock exchange and the over-the-counter market.

Securities trading on the organised market

Article 215

(1) The securities to which the restrictions referred to in the first paragraph of Article 51 herein do not apply may trade on the organised market.

(2) The securities which trade on one of the organised securities markets in the Republic of Slovenia may not be traded on another organised securities market.

(3) If an issuer issues securities which, together with the previously issued securities, constitute the same class, the newly issued securities may only trade on that organised securities market in the Republic of Slovenia on which the previously issued securities trade.
Article 216

(1) The stock exchange shall be a public limited company which has obtained the Agency’s authorisation to organise trading.

(2) No entry in the Companies’ Register shall be allowed to consist of the words “stock exchange” or derivatives of that expression as a constituent part of the firm name of an entity that does not have the status of a stock exchange pursuant to this Act.

Application of the provisions of the Companies Act

Article 217

Unless otherwise stipulated by this Act, the provisions of the Companies Act relating to public limited companies shall apply to the stock exchange.

Activity of the stock exchange

Article 218

(1) The stock exchange shall only be allowed to provide services with regard to organising trading in securities.

(2) The stock exchange may also provide services with regard to organising trading in other financial instruments if it obtains the Agency’s authorisation to provide such services.

Equity and shares in the stock exchange

Article 219

(1) The minimum amount of the equity of the stock exchange shall be 10,000,000 SIT.

(2) The stock exchange may only issue ordinary registered shares of the same class.

(3) Shares in the stock exchange must not trade on the organised market.

(4) Shares of the stock exchange must be issued in dematerialised form.

Shareholders in the stock exchange

Article 220

(1) Shareholders in the stock exchange may only comprise those stockbroking companies which are members of the stock exchange, the Republic of Slovenia and the Bank of Slovenia.

(2) An individual shareholder referred to in the first paragraph hereunder, other than the Republic of Slovenia and the Bank of Slovenia, may not, either directly or indirectly, hold more than 10% of all shares of the stock exchange.

(3) Shareholders whose membership in the stock exchange ceases may not exercise the voting rights arising from their shares.

Non-compatibility of functions

Article 221

Those persons employed on the stock exchange may not be members of bodies of stockbroking companies, banks, and issuers whose securities trade in the organised securities market and shall not
be allowed to perform tasks for the said legal entities.

Management board of the stock exchange

Article 222

(1) The management board of the stock exchange must comprise at least two members jointly acting as agent and representative of the stock exchange in legal transactions. Neither of the management board members of the stock exchange and/or the procurator may be empowered to act individually as agent and representative of the stock exchange for the entire volume of business within its operations.

(2) Management board members of the stock exchange must have permanent and full-time employment in that stock exchange.

(3) At least one of the management board members must have a good command of the Slovene language. At least one of the management board members must regard the Republic of Slovenia as a focus for realising their life objectives.

(4) The management board shall be obliged to carry out the operations of the stock exchange in the Republic of Slovenia.

(5) The position of management board member of the stock exchange may be assumed by any person meeting the following conditions:

1. adequate professional qualifications, characteristics and experience needed to manage the operations of the stock exchange;

2. a criminal record with no final sentence of imprisonment of over three months which has not yet been expunged.

(6) The condition referred to in point 1 of the fifth paragraph hereunder shall be met if the person in question has sufficient theoretical and practical knowledge with regard to the management of the stock exchange. It shall be deemed that the person in question has met the condition referred to in point 1 of the fifth paragraph hereunder if they have at least four years' experience in managing the business of a company of comparable size and activity, and/or other comparable operations.

Authorisation to assume the function of management board member

Article 223

(1) Only a person who has been granted an authorisation to assume the function of a management board member of the stock exchange may be appointed as a management board member of the stock exchange.

(2) The application for the authorisation referred to in the first paragraph hereunder must comprise supporting documents proving the meeting of conditions referred to in Article 222 herein.

(3) The Agency may decide that, during the process of adopting decisions with regard to granting an authorisation, the applicant must present his/her understanding of the operation of the stock exchange.

(4) The supervisory authority shall grant the authorisation referred to in the first paragraph hereunder if it appears from both the supporting documents referred to in the second paragraph hereunder and the presentation referred to in the third paragraph hereunder that the applicant meets the conditions set for management board members of the stock exchange.

(5) The Agency shall refuse to grant the authorisation if it appears from the supporting documents that, with regard to the activities performed by the person or with regard to the actions carried out by that person, the operation of the stock exchange could be threatened in accordance with the
responsibilities of the stock exchange pursuant to this Act.

(6) Management board members of the stock exchange must ensure that the stock exchange stipulates the rules on trading, exercises supervision over trading and operates in accordance with this Act.

Withdrawal of authorisation to assume the function of management board member

Article 224

(1) The Agency shall withdraw the authorisation to assume the function of management board member of the stock exchange:

1. if the authorisation was obtained by stating false data;

2. if a management board member was given a non-suspended sentence for a crime with imprisonment of more than three months;

3. if a management board member acts in severe contravention of the obligations referred to in Article 223 herein;

4. if a management board member violates the obligation to maintain classified data (Article 177),

5. if management board member violates the prohibition of manipulation (Article 248);

6. if a management board member violates the prohibition of the use of inside information (Article 276);

(2) A severe violation of the provisions referred to in item 3 of the first paragraph hereunder shall be deemed to be the following:

1. any violation threatening the operation of the securities market, or

2. recurrent violation of the said provisions.

Obligation to maintain classified information

Article 225

(1) The provisions of Articles 177 to 179 herein shall apply to the obligation to maintain classified information as appropriate.

(2) Those employed with the stock exchange and the members of the bodies of the stock exchange shall be obliged to report to the stock exchange each purchase or sale of securities performed, stating the number of securities bought and/or sold, the date of purchase and/or sale and the price at which securities were bought and/or sold.

(3) The persons referred to in the second paragraph hereunder shall also be obliged to report to the stock exchange each purchase or sale of securities performed by the following persons:

1. their close relatives;

2. legal entities controlling them.

(4) The stockbroking company shall keep the record of purchases and sales referred to in the second and third paragraphs hereunder and shall be obliged to enable the Agency, at its request, to examine that record.
Authorisation to organise trading

Article 226

(1) The stock exchange shall be obliged to obtain the Agency’s authorisation to organise trading prior to entering either its establishment or any additional service into the Companies’ Register.

(2) The Agency shall issue the authorisation to organise trading if it is established that the founder members satisfy the conditions for the operation of the stock exchange pursuant to this Act and that the establishment of the stock exchange is in the interest of the development and operation of the securities market.

Approval of the by-laws and general acts of the stock exchange

Article 227

The by-laws and general acts of the stock exchange whereby the matters laid down by this Act are regulated as well as any amendments to those documents shall come into effect upon the stock exchange obtaining the Agency’s approval of the said documents and/or amendments thereto.

The tariff of the stock exchange

Article 228

(1) The supervisory board of the stock exchange shall adopt a tariff whereby it stipulates:

1. commissions to be charged by the stock exchange with regard to transactions made on the organised market,

2. fees to be paid to the stock exchange by issuers,

3. membership fees and other fees to be paid to the stock exchange by members.

(2) The tariff referred to in item 2 of the first paragraph hereunder shall come into effect upon the stock exchange obtaining the Agency’s approval of the section of the tariff in question.

13.3. Members of the stock exchange

Admission to membership of the stock exchange

Article 229

(1) The stock exchange shall be obliged to admit to its membership any stockbroking company meting the following conditions:

1. that it holds the Agency’s authorisation to provide services with regard to securities,

2. that it satisfies the conditions with regard to meeting obligations arising from transactions made on the organised market through the clearing and depository house,

3. that it satisfies other conditions stipulated in the articles of association of the stock exchange.

(2) The provisions of items 2 and 3 of the first paragraph hereunder shall not apply to the Republic of Slovenia and the Bank of Slovenia.

(3) The stock exchange shall be obliged to adopt a decision with regard to the application for admission to its membership no later than 30 days after the receipt of the application and to notify the applicant within 8 days of making the decision.
(4) Notwithstanding the provision of item 1 of the first paragraph hereunder, the stock exchange shall also be obliged to admit to its membership the following entities:

1. a Member State stockbroking company and/or its branch which has the right to provide services with regard to securities in the territory of the Republic of Slovenia,

2. a branch of the foreign stockbroking company which has obtained the Agency’s authorisation to establish a branch, taking into account the reciprocity condition.

Expiration of membership

Article 230

A stockbroking company’s membership in the stock exchange shall expire in the following events:

1. at its request, upon the expiration of the time period laid down in the articles of association of the stock exchange,

2. on the day that the decision to exclude an entity from membership becomes final.

Exclusion from membership

Article 231

The stock exchange shall exclude its members in the following events:

1. if they fail to meet the conditions referred to in Article 229 herein,

2. if they commit any of the violations laid down in the articles of association of the stock exchange due to which it is possible to exclude an entity from membership.

13.4. Stock exchange

13.4.1. Admission of a security to the stock exchange

Admission to the stock exchange

Article 232

Securities admitted to one of the listings on the stock exchange shall be admitted to the stock exchange.

Admission to listing on the stock exchange

Article 233

(1) Securities meeting the following conditions may be admitted to individual listings on the stock exchange:

1. that none of the restrictions to trading referred to in the first paragraph of Article 51 herein apply to them,

2. that they are fully paid-up,

3. that they are freely transferable,

4. that they are issued in dematerialised form,

5. that, taking into account both the dealings of the issuer and the features of the securities, they satisfy the conditions laid down by the stock exchange in its articles of association.
(2) The stock exchange may, with regard to individual types of listing, lay down the conditions referred to in item 5 of the preceding paragraph relating in particular to:

1. the capital of the issuer,
2. the time period of the issuer’s dealing,
3. the overall nominal and market value of the issued securities to which the application for admission to the listing in the stock exchange refers,
4. the number of persons holding securities to which the application for listing in the stock exchange refers (securities spread).

Application for admission to listing on the stock exchange

Article 234

(1) The stock exchange shall adopt a decision with regard to admission of a security to an individual listing on the stock exchange at the application of the issuer in question.

(2) The application referred to in the preceding paragraph must include:

1. two copies of draft prospectus for listing,
2. other documents to be laid down by the stock exchange from which it appears that the security in question satisfies the conditions for admission to the listing on the stock exchange to which the application refers.

Adopting decisions with regard to admission to listing on the stock exchange

Article 235

(1) The stock exchange shall be obliged to admit a security to listing on the stock exchange if both the security and the issuer meet the conditions for admission to the listing and if the prospectus contains all data referred to in Article 238 herein.

(2) Notwithstanding the provision of the first paragraph hereunder, the stock exchange shall refuse to admit a security to listing on the stock exchange if, taking into account the issuer’s situation, trading in that security on the stock exchange threatens the investors’ interests.

Announcement of admission to the listing

Article 236

(1) The stock exchange shall be obliged, no later than eight days after adopting a decision, to announce this decision on the listing of a security on the stock exchange on the premises of the stock exchange and in the daily newspapers.

(2) A security which was admitted to listing on the stock exchange may begin trading on the official stock exchange following the announcement referred to in the first paragraph hereunder and the publication of the abstract from the prospectus for listing on the stock exchange.

Delisting securities

Article 237

(1) The stock exchange may delist an individual security from trading on the stock exchange:

1. if the security did not start trading within six months of admission to the listing,
2. if the security was not traded on the stock exchange market for a period of more than six months,

3. if the issuer of the security or the security itself fail to meet the conditions for admission to listing on the stock exchange or if delisting is needed in order to protect investors,

4. in other events stipulated in the articles of association of the stock exchange.

(2) Notwithstanding the provision of the first paragraph hereunder, the stock exchange shall be obliged, at the request of the Agency, to delist a security temporarily or permanently if it is established by the Agency that continued trading in that security on the stock exchange could threaten the operation of the securities market and/or if this is necessary in order to protect the interests of investors.

13.4.2. Prospectus for listing on the stock exchange

Application of provisions with regard to the prospectus for listing on the stock exchange

Article 238

(1) Unless otherwise stipulated in this section, the provisions with regard to the prospectus and abstract from the prospectus for public offering shall apply as appropriate to the prospectus and abstract from the prospectus for listing on the stock exchange.

(2) The details of the contents of the prospectus and abstract from the prospectus for listing on the stock exchange and their publication shall be stipulated by the Agency on the basis of a prior consultation by the stock exchange.

Publication of the prospectus and abstract from the prospectus for listing on the stock exchange

Article 239

(1) The issuer whose security was admitted to listing on the stock exchange shall be obliged to publish the prospectus and the abstract from the prospectus for listing on the stock exchange no later than eight days from the publication of the admission to listing referred to in Article 236 herein.

(2) The issuer shall also be obliged, in the time period referred to in the first paragraph hereunder, to deliver the prospectus for listing on the stock exchange to the Agency and to each member of the stock exchange.

Availability of the prospectus for listing on the stock exchange

Article 240

(1) The prospectus and abstract from the prospectus for listing on the stock exchange must be available at the head office of the issuer from the day of the publication of the admission to the listing.

(2) The issuer shall be obliged to ensure that the prospectus and abstract from the prospectus for listing on the stock exchange be delivered to an interested person at their request.

(3) In the events referred to in the second paragraph hereunder, the issuer shall be obliged to deliver
the prospectus free of charge, however, it shall have the right to require the repayment of the actual costs involved in printing and/or copying.

(4) The provisions of this Article shall also apply as appropriate to the availability of the prospectus and abstract from the prospectus of companies whose securities are admitted to the over-the-counter market.

13.5. Over-the-counter market

Admission to the over-the-counter market

Article 241

The securities satisfying the following conditions may be admitted to the over-the-counter market:

1. that none of the restrictions to trading referred to in the first paragraph of Article 51 herein apply to them,
2. that they are fully paid-up,
3. that they are freely transferable,
4. that they are issued in dematerialised form.

Application for admission to the over-the-counter market

Article 242

The stock exchange shall adopt decisions with regard to the admission of securities to the over-the-counter market either at the request of an issuer and/or an individual holder of securities or ex officio, when the conditions pursuant to this Act are satisfied.

Adopting decisions with regard to admission to the over-the-counter market

Article 243

The stock exchange shall be obliged to admit a security to the over-the-counter market if it satisfies the conditions stipulated in Article 242 herein.

Announcement of the admission to the over-the-counter market

Article 244

(1) The stock exchange shall be obliged, no later than eight days after adopting a decision, to announce this decision on admitting a security to the over-the-counter market on the premises of the stock exchange and in the daily newspapers.

(2) A security which has been admitted to the over-the-counter market may start trading on that market following the announcement referred to in the first paragraph hereunder.

13.6. The method and conditions of trading on organised markets

Participants in trading

Article 245

Only members of the stock exchange shall be allowed to trade directly on the organised market, whereas other entities may only trade there through the mediation of members of the stock exchange.

Trading rules
Article 246

(1) The stock exchange shall, by issuing a general act, stipulate trading rules applicable to all participants in trading and all transactions made on the organised market.

(2) The trading rules referred to in the first paragraph hereunder shall, in particular, stipulate the method of trading and the rights and obligations of all contracting parties.

Complying with the rules of the organised market

Article 247

In providing services with regard to securities on the organised securities market, the stock exchange shall be obliged to comply with the trading rules and other general acts of the stock exchange and with the requirements of the responsible bodies of the stock exchange.

Prohibition of manipulation

Article 248

(1) Nobody shall be allowed to trade or act as an intermediary for trading with securities or commit other deeds with the intention of providing false or misleading information with regard to either the volume of sales in a security or the price of an individual security.

(2) The operations and deeds referred to in the first paragraph hereunder shall be deemed:

1. fictitious transactions with regard to securities,

2. publishing or disseminating false and/or misleading information on the financial standing of the issuer and/or business events.

Determining and publishing securities prices

Article 249

The stock exchange shall determine and publish securities prices on the basis of transactions made on the organised market.

Supervision by the stock exchange over trading

Article 250

(1) The stock exchange shall exercise supervision over trading on the organised market in order to uncover any violations of the ban on trading due to: inside information, prohibition of manipulation and other violations of the trading rules applicable to organised markets.

(2) The provision of Article 256 hereunder shall apply as appropriate to the supervision referred to in the first paragraph hereunder.

(3) The method of exercising supervision shall be stipulated in the general acts of the stock exchange.

Notifying the Agency

Article 251

(1) The stock exchange shall be obliged to notify the Agency of the following:

1. securities transactions made on the organised market,
2. submitted applications for membership in the stock exchange, admissions to membership of the stock exchange, expirations of membership of the stock exchange and measures imposed on its members and/or stockbrokers,

3. submitted applications for admission of securities to listing on the stock exchange, admissions of securities to listing on the stock exchange and delisted securities,

4. submitted applications for admission of securities to the over-the-counter market and admissions of securities to the over-the-counter market,

5. measures imposed on issuers,

6. any planned increase in the equity of the stock exchange,

7. other facts and circumstances relevant to the operation of the organised securities market.

(2) The details of the contents of the notification and the method of notifying shall be determined by the Agency.

13.7. Supervision of organised markets

13.7.1. Supervision of the operation of the stock exchange

Application of provisions relating to the supervision of stockbroking companies

Article 252

(1) Unless otherwise stipulated in this chapter, the provisions of chapter 11 herein referring to the supervision of stockbroking companies shall apply to the supervision of the operation of the stockbroking company as appropriate.

(2) An annual fee set out in the Agency’s tariff shall be paid by the stock exchange for the exercise of supervision.

Extent of supervision

Article 253

In exercising supervision over the operation of the stock exchange, the Agency may also require that the stock exchange provide a special audit of information systems and of internal controls and submit the relevant auditor’s report.

Supervisory measures

Article 254

If it is established during the supervisory procedure that the stock exchange is acting in severe contravention of the regulations with regard to securities transactions or if it is necessary in order to ensure the normal operation of the securities market, the Agency may also impose the following measures:

1. require a temporary halt on trading in either all or certain securities,

2. require an amendment and/or supplement to the by-laws, trading rules or other general acts.

13.7.2. Supervision over the trading on organised markets

Supervision over the trading on organised markets
Article 255

The Agency shall exercise supervision over the trading on organised markets with the intention to:

1. ensure that the trading on those markets is fair and in accordance with this Act and the regulations issued on the basis thereof,

2. discover any violations of the prohibition of manipulation.

Extent of supervision

Article 256

(1) In exercising supervision over the trading on the organised markets, the Agency may require from the stock exchange and/or clearing and depository house data and information about the clients for whose accounts the stock exchange made a transaction on the organised market, as well as other data about the transaction in question, to the extent that this is necessary in order to achieve the purpose of the supervision.

(2) If it is established by the Agency during the supervisory procedure of the trading on organised markets that there is a strong suspicion that a crime has been committed, it shall be obliged to report it to the responsible public prosecutor.

14. MEETING OBLIGATIONS ARISING FROM TRANSACTIONS MADE ON THE ORGANISED MARKET

14.1. General provision

Meeting obligations

Article 257

(1) Services involving the calculating, balancing and ensuring of the meeting of obligations arising from securities transactions made on the organised securities market may only be provided by a legal entity which, pursuant to the provisions of this Act, has obtained the authorisation to provide the services of a clearing and depository house.

(2) Obligations arising from securities transactions made on the organised securities market may only be met through a clearing and depository house.

14.2. Clearing and depository house

Clearing and depository house

Article 258

(1) A clearing and depository house shall be a public limited company which has obtained the Agency’s authorisation to provide the services of a clearing and depository house.

(2) No entry in the Companies’ Register shall be allowed which consists of the words “clearing and depository house” or derivatives of that expression as a constituent part of the firm name of an entity that does not have the status of a clearing and depository house pursuant to this Act.

Application of provisions

Article 259
(1) Unless otherwise stipulated in this Act, the provisions of the Companies Act relating to public limited companies shall apply to the clearing and depository house.

(2) The provisions of Articles 221 to 225, Articles 252 and 253, and item 2 of Article 254 herein shall apply to the clearing and depository house, its bodies, employees and supervision as appropriate.

Activity of the clearing and depository house

Article 260

(1) The clearing and depository house may only provide:

1. services involving the calculating, balancing and ensuring of the meeting of obligations arising from securities transactions made on the organised securities market,

2. services involving the keeping of the central register of dematerialised securities in accordance with the ZNVP,

3. other services with regard to securities transactions, the meeting of obligations and the exercise of rights arising from securities.

(2) The clearing and depository house may also provide services involving balancing and ensuring the meeting of obligations arising from derivative financial instruments transactions made on the organised derivative financial instruments market, if it has obtained the Agency’s authorisation to provide those services.

(3) The clearing and depository house shall only provide the services referred to in item 1 of the first paragraph hereunder for its members.

Shareholders of the clearing and depository house

Article 261

(1) Shareholders of the clearing and depository house may only be the legal entities for which the clearing and depository house provides those services referred to in Article 260 herein.

(2) With the exception of the Republic of Slovenia and the Bank of Slovenia, an individual shareholder referred to in the first paragraph hereunder may either directly or indirectly hold no more than 10% of overall shares of the clearing and depository house.

Shares of the clearing and depository house

Article 262

(1) The clearing and depository house may only issue regular registered shares of the same class.

(2) No organised trading shall be allowed in the shares of the clearing and depository house.

(3) Shares of the clearing and depository house must be issued in dematerialised form.

Authorisation to provide the services of a clearing and depository house

Article 263

(1) The clearing and depository house shall be obliged to obtain the Agency’s authorisation to provide the services of a clearing and depository house prior to entering either its establishment or any additional service into the Companies’ Register.
The Agency shall grant the authorisation referred to in the first paragraph hereunder if it is established that the conditions for the operation of the clearing and depository house which are stipulated in this Act and in the regulations governing the issuing of dematerialised securities are met.

Approval of the by-laws and operation regulations

of the clearing and depository house

Article 264

The by-laws and operation regulations of the clearing and depository house, as well as any amendments to those documents, shall come into effect upon the clearing and depository house obtaining the Agency's approval of the said documents and/or amendments thereto.

14.3. Members of the clearing and depository house

Admission to the membership of the clearing and depository house

Article 265

(1) Membership types and conditions for admission to an individual membership type shall be determined in the operation regulations of the clearing and depository house.

(2) The clearing and depository house shall be obliged to admit as a member any entity meeting the conditions laid down in the operation regulations.

Exclusion from the membership of the clearing and depository house

Article 266

The clearing and depository house may temporarily or permanently prohibit any member failing to meet obligations arising from the securities transactions made on the organised securities market or violating the general acts regulating the operation of the clearing and depository house from the further settling of obligations through the clearing and depository house.

14.4. Calculating, balancing and meeting obligations

The simultaneous meeting of obligations principle

Article 267

Obligations regarding the transfer of securities arising from transactions made on the organised market may only be met by simultaneously paying the price for the securities in question.

Operation regulations

Article 268

(1) The clearing and depository house shall determine in its operation regulations:

1. the method of calculating, balancing and ensuring the meeting of obligations arising from securities transactions made on the organised securities market;

2. the rules relating to the formation and use of the contingency fund and other rules on risk management relating to the risks of possible non-performance by an individual member of the clearing and depository house;
(2) The operation regulations referred to in the first paragraph hereunder shall apply to all members of the clearing and depository house as well as to their rights and obligations arising from transactions made on the organised market.

Instructions

Article 269

Details of the procedures relating to the implementation of the operation regulations shall be laid down in the instructions issued by the clearing and depository house.

Complying with the operation regulations and instructions

Article 270

In meeting the obligations arising from the transactions made on the organised market, stockbroking companies and members of the clearing and depository house shall be obliged to comply with the operation regulations and instructions of the clearing and depository house.

Special financial accounts

Article 271

Members of the clearing and depository house shall meet their financial obligations arising from the transactions made on the organised market through special financial accounts.

Bankruptcy of an individual member of the clearing and depository house

Article 272

When, as a result of calculating, balancing and ensuring the meeting of obligations arising from securities transactions made on the organised securities market, the monetary claims of members of the clearing and depository house arising from such transactions are, pursuant to the operation regulations of the clearing and depository house, transferred to the clearing and depository house and the latter takes over its members’ financial obligations in order to offset mutual money claims and obligations, the provisions of Articles 118 and 119 of the ZPPSL relating to the prohibition of the offsetting of transferred claims shall not apply in the case of a bankruptcy procedure against a member of the clearing and depository house.

Supervision over the meeting of obligations and provision of services

Article 273

(1) The clearing and depository house shall exercise supervision over the meeting of obligations arising from securities transactions made on the organised securities market and over the provision of services with regard to keeping accounts of dematerialised securities in order to uncover any violation of the operation regulations or other violations committed by stockbroking companies and/or other members of the clearing and depository house.

(2) The clearing and depository house shall also exercise supervision over the solvency of its members in order to manage risks relating to possible non-performance.

(3) The provision of Article 256 herein shall apply to the supervision referred to in the first and/or second paragraphs hereunder as appropriate.

(4) The method of exercising the supervision referred to in the first and second paragraphs hereunder shall be determined in the operation rules issued by the clearing and depository house.

Reporting by the clearing and depository house
Article 274

(1) The clearing and depository house shall report to the Agency about newly issued securities and overall turnover of individual securities as well as about other facts and circumstances relevant to the operation of the organised securities market.

(2) The Agency shall prescribe the details of the contents and the method of reporting referred to in the first paragraph hereunder.

15. PROHIBITION OF TRADING ON THE BASIS OF INSIDE INFORMATION

Inside information

Article 275

(1) Pursuant to this Act, inside information shall be deemed any information of a precise nature relating to one or several securities which has not been made public and which, if it were to be made public, would be likely to have a significant effect on the price of the security or securities in question.

(2) Pursuant to this Act, persons with direct access to inside information shall be:

1. the holders of a qualifying holdings of a legal entity,
2. the management and/or supervisory board members of a legal entity.

Prohibition of the use of inside information

Article 276

(1) None shall be allowed to acquire securities or dispose of them on the basis of inside information.

(2) Persons with direct access to inside information shall not be allowed to disclose this information to third parties or recommend, on the basis of such information, to third persons to acquire or dispose of certain securities.

Reporting on transactions

Article 277

(1) Persons with direct access to inside information shall be obliged to report to the Agency any securities transactions which are the subject of reporting.

(2) The subject of reporting shall be any transaction of securities traded on the organised market in the Republic of Slovenia and/or on the organised market in a Member State included in the list referred to in the third paragraph of Article 183 herein, regardless of whether the person concerned made such a deal for his/her own or someone else’s account and regardless of whether the transaction was made on or outside the organised market.

(3) Notwithstanding the provision of the first paragraph hereunder, a person with direct access inside information shall not be obliged to report on the transactions referred to in the first paragraph hereunder which were made on the organised market of an individual Member State and of which reports are made to the responsible supervisory authority of the Member State in question.

(4) The report on a transaction referred to in the first paragraph hereunder must include the following data about the transaction:

1. the symbol of the security which was the subject of the transaction;
2. the date and hour the transaction was made;
3. the price;
4. the persons referred to in the second paragraph hereunder which were either involved in the transaction or acted as an intermediator in making the transaction;
5. the organised market on which the transaction was made and/or the place the transaction was made;
6. the symbol of the transaction type;
7. a statement as to whether the person in question made the transaction for his/her own or someone else’s account.

(5) The Agency shall prescribe the details of the contents and the method of reporting.

Supervision of violations of the prohibition of
the use of inside information

Article 278

(1) In order to prevent violations of the prohibition of the use of inside information and/or to uncover such violations, the Agency may request relevant explanations and data from the following persons:

1. persons with direct access to inside information;
2. issuers of securities which are traded on the organised markets referred to in the second paragraph of Article 277 herein;
3. individuals and legal entities accepting orders and/or performing individual tasks relating to the transactions referred to in the second paragraph of Article 277 herein;
4. individuals and legal entities which might be familiar with individual violations of the prohibition of the use of inside information;
5. employees and management board members of the legal entities referred to in the preceding items;

(2) The persons referred to in the first paragraph hereunder:

1. shall be obliged to respond to the Agency’s request and provide it with relevant oral explanations;
2. shall be obliged, at the Agency’s request, to disclose the identity of a person for whose account the transaction in question was made;
3. shall be obliged, at the Agency’s request, to present the documents relating to the transaction in question.

(3) If, during the exercise of supervision pursuant to this Article, the Agency establishes that there is reason to suspect that a crime was committed, the Agency shall be obliged to report it to the responsible public prosecutor.

16. SYSTEM OF GUARANTEES WITH REGARD TO INVESTORS’ CLAIMS

Guaranteed claims of investors

Article 279
(1) The claim of the investor pursuant to this Act shall be the total balance of all monetary claims of an individual or legal entity on a stockbroking company arising from:

1. a stockbroking agreement,
2. an agreement on keeping accounts of dematerialised securities,
3. an agreement on the safekeeping of securities issued as written documents,
4. an agreement on securities management,

(2) A guaranteed claim of the investor pursuant to this Act shall be the investor’s claim up to 3,700,000 SIT as of the day of the commencement of the bankruptcy procedure against the stockbroking company concerned.

(3) Notwithstanding the second paragraph hereunder, the claims of the following legal entities shall not be guaranteed claims:

1. claims of other stockbroking companies, banks and other financial organisations pursuant to the ZBan made by them on their own behalf and for their own account,
2. claims relating to transactions due to which the holder of the claim was given a non-suspended sentence for the crime of money laundering,
3. claims of central governments, central banks and local governments,
4. claims of management and supervisory board members of a stockbroking company and their close relatives,
5. claims of the shareholders of the stockbroking company in question whose direct or indirect participation in the capital and/or voting amounts to at least 5%,
6. claims of legal entities controlled by the stockbroking company in question,
7. claims of management and supervisory board members of the legal entities referred to in items 5 and 6 hereunder and their close relatives,
8. claims which, with regard to their properties, are not taken into account in calculating the capital of the stockbroking company in question,
9. claims of legal entities which, pursuant to the ZGD, are considered large and/or medium-sized companies.

(4) Stockbroking companies shall be obliged, on all premises where they serve their clients, to make information on the system of guarantees with regard to claims available in a visible place.

Regulation on guaranteed deposits

Article 280

At the proposal of the Agency, the Bank of Slovenia shall prescribe:

1. the method of calculating the amount of liquid investments referred to in Article 283 herein and detailed features of the securities which are the subject of those investments,
2. the details of the conditions and procedures for providing funds for the payment of guaranteed claims and for implementing the guarantees.

Guarantee for the payment of guaranteed claims
Article 281

(1) Stockbroking companies with head offices in the Republic of Slovenia shall guarantee for the payment of guaranteed claims at the stockbroking company against which the bankruptcy procedure was initiated to the extent and according to the procedure stipulated in this Act.

(2) An individual stockbroking company shall guarantee for the payment of guaranteed claims at another stockbroking company to the extent equalling the share which, with regard to the sum of all guaranteed claims at all stockbroking companies minus the amount of guaranteed claims which are the subject of the guarantees, accounts for the amount of the guaranteed claims at an individual stockbroking company.

System of guarantees with regard to investors’ claims at a foreign branch

Article 282

(1) A branch of a foreign stockbroking company shall be included in the system of guarantees for investors’ claims in the country in which the foreign stockbroking company concerned has its head office.

(2) The level and extent of guarantees for investors’ claims at the branch must not exceed the level and extent laid down in this Act.

(3) If a system of guarantees for investors’ claims in the country in which the foreign stockbroking company concerned has its head office does not exist and/or if the extent of the guarantee for investors’ claims is below that in the Republic of Slovenia, the branch of the foreign stockbroking company shall be obliged to participate in the system of guarantees for investors’ claims in the Republic of Slovenia. The method and extent of inclusion of the branch of the foreign stockbroking company in the system of guarantees for investors’ claims in the Republic of Slovenia shall be laid down by the Agency when granting the authorisation to establish a branch.

(4) In the event referred to in the third paragraph hereunder, the provisions of this chapter shall also apply to branches of foreign stockbroking companies.

Liquid investments for the payment of guaranteed investors’ claims

Article 283

In order to provide the liquid funds needed for the payment of guaranteed claims, the stockbroking company shall be obliged, to the extent stipulated in the regulation of the Bank of Slovenia referred to in Article 280, to invest its funds in securities of the Bank of Slovenia and/or Republic of Slovenia.

Taking over the obligation to pay guaranteed investors’ claims

Article 284

(1) On the day the bankruptcy procedure is initiated against a stockbroking company, the Bank of Slovenia shall take over, on its own behalf and for the account of the stockbroking company in bankruptcy, the obligation to pay guaranteed investors’ claims of the stockbroking company in bankruptcy.

(2) The payment of the guaranteed investors’ claims shall be executed by the bank referred to in the second paragraph of Article 10 herein to be appointed by the Bank of Slovenia (hereinafter: transferee/assignee bank). The Bank of Slovenia shall be obliged to appoint the transferee bank within 8 days of the receipt of the resolution on the commencement of the bankruptcy procedure.

(3) The stockbroking company in bankruptcy and the transferee bank shall be obliged, within thirty days of the commencement of the bankruptcy procedure, to establish the balance of all guaranteed investors’ claims as of the day of the commencement of the bankruptcy procedure and to send a record of their minutes to the Bank of Slovenia and the Agency.
(4) On the basis of a prior consultation with the Agency, the Bank of Slovenia shall confirm the minutes referred to in the third paragraph hereunder and send them to the court managing the bankruptcy procedure.

(5) The Bank of Slovenia shall be obliged to provide liquid funds to the transferee bank for the payment of guaranteed investors’ claims no later than three months after the commencement of the bankruptcy procedure.

(6) The transferee bank may only use the funds referred to in the fifth paragraph hereunder for the payment of guaranteed investors’ claims.

(7) The transferee bank shall have the right to reimbursement for actual costs incurred in the payment of guaranteed investors’ claims.

Request for the payment of funds

Article 285

The Bank of Slovenia shall request that the stockbroking companies referred to in the first paragraph of Article 281 pay the appropriate shares of funds needed for the payment of guaranteed investors’ claims.

Repayment of funds paid

Article 286

After the claims arising from the guaranteed investors’ claims are satisfied, the Bank of Slovenia shall transfer the funds from the bankruptcy estate to the stockbroking companies in proportion to the amounts of funds paid by them in accordance with Article 285 herein.

17. TRADING IN STANDARDISED FINANCIAL INSTRUMENTS

Application of provisions

Article 287

(1) The provisions of Article 213, Articles 216 to 231 and Articles 275 to 278 shall apply to trading in standardised financial instruments as appropriate.

(2) The provisions of Articles 257 to 259, item 1 of the first paragraph of Article 260, Articles 261 to 266, 268 to 272 and 273 to 274 herein shall apply as appropriate to the settlement of obligations arising from the transactions made in the trading referred to in the first paragraph hereunder.

(3) The Agency shall prescribe the details of:

1. the conditions for the introduction of standardised financial instruments,
2. trading in standardised financial instruments,

3. the settlement of obligations arising from transactions made in the trading referred to in point 2.

(4) Notwithstanding the provisions of the first paragraph of Article 220 herein, the stockbrokers of the financial instruments exchange may also involve banks other than the banks referred to in the second paragraph of Article 10 herein, and companies.

Introduction of standardised financial instruments to trading

Article 288
(1) The financial instruments exchange shall introduce a standardised financial instrument to trading by determining:

1. the standardised contents of rights and obligations pertaining to clients with regard to an individual derivative financial instrument, and

2. the date of commencement of trading in a standardised financial instrument.

(2) The financial instruments exchange may only introduce to trading those standardised financial instruments which ensure the fulfilment of the economic interests of legal entities and/or other persons and which are not in contravention of the public interest.

(3) The financial instruments exchange shall be obliged, at least thirty days prior to the commencement of trading in an individual standardised financial instrument, to notify the Agency of the planned introduction of the said instrument to trading.

(4) The Agency shall prohibit the introduction of a new standardised financial instrument to trading and/or further trading in a standardised financial instrument which has previously been introduced to trading, if this is necessary in order to protect investors' interests.

18. SECURITIES MARKET AGENCY

18.1. Status of the Agency

Status of the Agency

Article 289

(1) The Agency shall be a legal entity.

(2) The Agency shall be independent in implementing its tasks and responsibilities.

(3) The Agency shall have its head office in Ljubljana.

The Agency’s rules of procedure

Article 290

The Agency shall have its own rules of procedure in which its internal organisation and operation is stipulated in detail.

Stamp

Article 291

The Agency shall have a stamp featuring the name “Securities Market Agency” and the coat of arms of the Republic of Slovenia.

Reporting on the situation on the securities market

Article 292

(1) The Agency shall make annual reports to the National Assembly of the Republic of Slovenia on the situation and conditions on the securities market.

(2) The report referred to in the first paragraph hereunder must include data on: the public offerings of securities, trading on organised securities markets stating the volume and contents of securities turnover, the admission of securities to organised markets, and trading in securities outside the
organised securities markets.

(3) The report referred to in the first paragraph hereunder relating to the previous year must be submitted by the Agency to the National Assembly by 30 June of the current year.

Annual report on operations

Article 293

(1) The Agency shall make annual reports to the National Assembly of the Republic of Slovenia on its operations.

(2) The report referred to in the first paragraph hereunder must involve data on: the measures taken by the Agency after supervisory procedures have been completed, authorisations granted for the operation of stockbroking companies, fund management companies, investment funds, stock exchanges and on any other authorisations granted by the Agency, as well as data on the Agency’s cooperation with other domestic and foreign supervisory authorities.

(3) The report referred to in the first paragraph hereunder relating to the previous year must be submitted by the Agency to the National Assembly by 30 June of the current year.

18.2. Bodies of the Agency

Bodies of the Agency

Article 294

The bodies of the Agency shall be the council of experts and the director.

Composition of the council of experts

Article 295

The council of experts shall be composed of the president and eight members.

Appointment and dismissal of the members and president of the council of experts

Article 296

(1) The president and members of the council of experts shall be appointed and dismissed by the Government of the Republic of Slovenia at the proposal of the minister responsible for finance.

(2) The members and president of the council of experts shall be appointed for a period of five years and may be re-appointed.

Conditions for the appointment and dismissal of the members and president of the council of experts

Article 297

(1) Any person meeting the following conditions may be appointed as a member or president of the council of experts, if he/she:

1. is the citizen of the Republic of Slovenia,

2. has a university degree,
3. is a renowned expert in the field of finance and company law,

4. has not been given an unsuspended sentence of imprisonment of more than three months which has not yet been expunged.

(2) The members and president of the council of experts may not be in a contractual relationship with, employed by or hold stakes in legal entities to whom the Agency grants authorisations and/or approvals for operation, and may not perform tasks on the bodies of political parties.

Dismissal of the members and president of the council of experts

Article 298

The president or any member of the council of experts may be discharged prematurely:

1. if he/she demands that,

2. if he/she was given an unsuspended sentence with imprisonment of more than three months,

3. if he/she permanently loses the capacity to perform his/her professional duties,

4. if he/she violates the obligation to maintain classified information (Article 303),

5. if he/she violates the prohibition of the use of inside information (Article 276) and/or the prohibition referred to in the second paragraph of Article 297 herein.

Responsibilities of the council of experts

Article 299

The council of experts shall:

1. adopt decisions with regard to authorisations and approvals and other individual matters on which, pursuant to this Act, decisions are to be taken by the Agency, unless otherwise stipulated in this Act or another act,

2. adopt regulations when it is laid down by the law that such acts are to be adopted by the Agency,

3. adopt the rules of procedure of the Agency,

4. accept reports on the situation on the securities market and annual reports on the Agency’s operations,

5. adopt an annual plan with regard to the work of the Agency’s expert services and reports on the Agency’s operations,

6. perform other tasks within the Agency’s scope of responsibilities unless stipulated in the law that another body of the Agency is responsible for performing those tasks.

Adopting decisions by the council of experts with regard to issuing regulations

Article 300

(1) The council of experts shall adopt valid decisions with regard to the issuing of regulations which the Agency is responsible to issue, if the majority of the members of the council of experts are present at the session concerned.

(2) A regulations shall be adopted if the majority of those members of the council of experts present vote in favour of it.
Publication of regulations

Article 301

The regulations issued by the Agency shall be published in the Official Gazette of the Republic of Slovenia.

Director of the Agency

Article 302

(1) The director of the Agency shall be appointed, for a period of five years and from among the members of the council of experts, and dismissed by the Government of the Republic of Slovenia at the proposal of the minister responsible for finance.

(2) The director of the Agency shall manage the operation of the Agency and organise its work.

Maintenance of classified information

Article 303

(1) The president and members of the council of experts and those employed with the Agency shall be obliged to maintain as classified information on the issuers’ of securities, the entities supervised by the Agency, and other data on the facts and circumstances with which they have become familiar by virtue of the performance of their functions or professional duties, excluding that information which, pursuant to the provisions of this Act, is accessible to the public, such an obligation shall also apply after the termination of their function and/or employment.

(2) The persons referred to in the first paragraph hereunder shall be obliged to report to the director any purchase and/or sale of securities, stating the number of securities which are the subject of the purchase and/or sale, the date of purchase and/or sale and the buying and/or selling prices.

(3) The persons referred to in the second paragraph hereunder shall also be obliged, in the same manner, to report to the director any purchase and/or sale of securities performed by the following persons related to them:

1. close relatives;
2. legal entities in which they participate;

(4) Notwithstanding the provisions of the second and third paragraphs hereunder, the director of the Agency shall be obliged to report the purchases referred to in the second and third paragraphs hereunder to the president of the council of experts.

(5) Those employed with the Agency must not be members of the bodies of stockbroking companies, banks and issuers whose securities trade on the organised securities market, and shall not be allowed to perform tasks for the said legal entities.

18.3. Funds for work

Tariff and session fees

Article 304

(1) The Agency shall issue a tariff in which fees are laid down for adopting decisions with regard to individual matters and issuing copies from the registers kept by it, as well as annual fees and lump-sum fees with regard to supervision to be paid by the legal entities over which the Agency exercises supervision pursuant to either this Act or another act.
(2) The Agency’s tariff and/or amendments thereto shall commence come into effect upon the Agency’s obtaining the approval of the Government of the Republic of Slovenia with regard to the tariff and/or amendments thereto.

(3) Session fees to which the president and members of the council of experts are entitled shall be laid down by the council of experts in agreement with the Government of the Republic of Slovenia.

Sources of funds

Article 305

(1) Funds for the Agency’s work shall be provided from:

1. duties and fees,

2. other income earned by the Agency through its operations.

(2) A part of the surplus of income over expenses shall be allocated to the Agency’s reserves up to the level stipulated in the Agency’s financial plan, while the rest shall be allocated to the Budget of the Republic of Slovenia.

Surplus of expenses over income

Article 306

(1) A surplus of expenses over income shall be covered by the Agency’s reserves; if the funds of the reserves do not suffice, the surplus of expenses over income shall be covered by the Budget of the Republic of Slovenia.

(2) The funds of the Budget of the Republic of Slovenia may only be provided if the Agency’s operation would otherwise be seriously threatened.

Financial plan and yearly statement of account

Article 307

(1) The council of experts shall be obliged, no later than 31 March of each year, to adopt the yearly statement of account for the preceding year and the financial plan for the current year.

(2) Prior to the adoption of the Agency’s financial plan, the financing of the Agency shall proceed in accordance with the resolution on temporary financing to be adopted by the council of experts.

(3) The yearly statement of account must be reviewed by a certified auditor.

(4) The Agency shall be obliged, within 10 days of its receipt, to submit the yearly statement of account together with the auditor’s report and financial plan to the minister responsible for finance. The yearly statement of account and financial plan shall be given for approval by the Government of the Republic of Slovenia.

18.4. Supervision of the use of funds

Supervision of the use of funds

Article 308

Supervision of the lawful, appropriate, economic and efficient use of the Agency’s funds shall be exercised by the Court of Auditors of the Republic of Slovenia.

19. PROCEDURE OF ADOPTING DECISIONS BY THE AGENCY
WITH REGARD TO INDIVIDUAL MATTERS

19.1. General provision

Application of provisions in the procedure

Article 309

(1) The Agency shall adopt decisions with regard to individual matters for which it is responsible pursuant to either this Act or another act in accordance with the procedure laid down in this chapter unless otherwise stipulated in other chapters of this Act or in another act.

(2) Unless otherwise stipulated in this Act, the provisions of the General Administrative Procedure Act shall apply to the procedure of adopting decisions by the Agency as appropriate.

(3) Notwithstanding the provision of the second paragraph hereunder, no request for the restoration to the original state or extraordinary legal remedies shall be allowed in the procedure of adopting decisions by the Agency.

(4) Notwithstanding the provision of the third paragraph hereunder, a resumption of proceedings shall be allowed in the procedure of withdrawing the authorisation granted by the Agency, but only if new facts and evidence are presented and if the proposal for the resumption of proceedings is lodged within one year of the resolution to withdraw authorisation becoming final.

19.2. Responsibility and composition of procedural bodies

Procedural bodies

Article 310

The procedural bodies shall be the senate and the president of the senate.

Responsibility and composition of the senate

Article 311

(1) The senate shall be composed of the members of the council of experts, of which one person shall be the president of the senate.

(2) The senate shall adopt decisions with regard to all matters, unless it is stipulated with regard to an individual matter that decisions shall be adopted by the president of the senate.

(3) The senate shall adopt decisions with regard to appeals against the orders of the president of the senate.

Responsibilities of the president of the senate

Article 312

(1) The responsibilities of the president of the senate in managing the procedure and adopting decisions with regard to individual matters shall be performed by the member of the council of experts defined by the job description of the Agency.

(2) The president of the senate shall:

1. issue orders on the supervision procedure;
2. issue decisions on temporary prohibitions of the provision of services or of operation;

3. decide on issues relating to the procedure and issues arising as marginal issues with regard to the procedure which are not decided upon in the decision issued;

4. decide on other issues when thus stipulated by law.

(3) Individual procedural acts prior to the issuing of a decision and/or order which lie within the responsibilities of the president of the senate may also be performed by an expert of the Agency if he/she is authorised for this by the president of the senate.

19.3. Procedure prior to the issuing of decisions

Declarations of the parties

Article 313

(1) Parties shall make their declarations in writing.

(2) In the event referred to in the second paragraph of Article 315 herein, parties may also make declarations orally at the hearing.

Possibility to make declarations

Article 314

(1) Prior to the issuing of a decision which is issued ex officio and which cannot be appealed against, the Agency shall be obliged to summon the party concerned to make a declaration about the facts and circumstances relevant to the decision, unless another manner of enabling the client to make a declaration is stipulated by law with regard to an individual matter.

(2) The summons referred to in the first paragraph hereunder must include:

1. an explicit statement of the facts and circumstances of which the party is supposed to make a declaration and evidence proving those facts;

2. a deadline for declarations which must not be shorter than 8 days;

3. instructions to the party that declarations must be furnished with documented evidence, if reference is made to the latter, and a statement that after the deadline the party will not have the right to introduce new facts and present new evidence.

(3) In making declarations, the party may introduce facts from which it arises that facts and circumstances stated in the summons referred to in the first paragraph hereunder do not exist and may present evidence whereby the existence of introduced facts is proved. If the party refers to documented evidence, it shall be obliged to submit that evidence.

(4) If the declaration does not include documented evidence, the provisions on incomplete applications shall not apply, but in adopting decisions account shall only be taken of the evidence submitted.

(5) After the expiration of the deadline for making declarations, parties shall not have the right to introduce new facts and present new evidence.

Adopting decisions

Article 315

(1) The Agency shall adopt decisions without a hearing.
(2) Notwithstanding the first paragraph hereunder, the president of the senate may convene a hearing if he/she considers that this is necessary in order to explain or establish relevant facts.

(3) The president of the senate may, without a hearing, hear parties to the action and other persons if he/she considers that this is necessary in order to explain or establish relevant facts.

19.4. Decisions of the Agency and the procedure of adopting decisions

19.4.1. Common provisions

Types of decisions of the Agency

Article 316

(1) The Agency shall issue its decisions in the form of decisions, resolutions and orders.

(2) Decisions of the Agency may not be appealed against.

Session of the senate

Article 317

(1) The senate shall, following the discussion, adopt decisions by voting in a session which shall not be public.

(2) The senate shall adopt valid decisions if the majority of the senate members are present at the session.

(3) The president of the senate shall direct the discussion and voting and shall be the last to take a vote. It shall be his/her responsibility that all issues are thoroughly considered.

(4) If the votes with regard to individual issues voted upon are distributed among several different opinions, with no one opinion gaining the necessary majority, the issues shall be separated and voting repeated until a majority is gained. If, by so doing, no majority is gained, the decision shall be adopted by adding the votes most unfavourable for the subject of supervision to those less unfavourable until the necessary majority is gained.

(5) The senate members may not refuse to vote on the issues presented by the president of the senate. However, the senate member who vote for the suspension of the procedure for the withdrawal of authorisation and remain in the minority shall not be obliged to vote on the sanction. If such a senate member does not vote it shall be deemed that he/she agrees with the vote most favourable for the subject of supervision.

(6) A valid decision shall be adopted if the majority of senate members present at the session vote for it.

(7) Notwithstanding the sixth paragraph hereunder, a valid decision to withdraw the authorisation shall be adopted if the majority of senate members vote for it.

Minutes of discussion and voting

Article 318

(1) Special minutes of the discussion and voting shall be drawn up.

(2) The minutes of the discussion and voting shall include the course of the voting and the decision adopted.

(3) If not minuted, special opinions shall be enclosed with the minutes of discussion and voting.
(4) Minutes shall be signed by all senate members and the recording secretary.

(5) Minutes of the discussion and voting shall be placed in a special folder. The minutes may only be examined by the supreme court when decisions are adopted in an administrative dispute. In such an event, the supreme court shall be obliged to again place the minutes in a special folder and mark on the folder that the minutes were examined.

Correspondence session

Article 319

(1) Notwithstanding the provision of Article 317 herein, decisions on the issuing of authorisations and/or approvals may also be adopted by the senate at a correspondence session, if no senate member objects to adopting decisions at a correspondence session.

(2) A correspondence session shall be convened by the president of the senate by sending invitations to the senate members.

(3) The invitation referred to in the second paragraph herein must include:

1. the contents of the application for an authorisation and/or approval,

2. a summons to each senate member to vote for or against the granting of an authorisation and/or approval,

3. a deadline for voting, stating the date and hour, by which a senate member shall be obliged to communicate to the Agency in writing either his/her decision with regard to the voting concerned or a statement that he/she objects to the correspondence session.

(4) Valid decisions shall be adopted at a correspondence session if the majority of the senate members voted for it within the deadline determined and if no senate member stated their objection to the correspondence session.

(5) If a valid decision was adopted at a correspondence session, voting ballots sent by the senate members shall be treated in accordance with the fifth paragraph of Article 318 herein.

(6) If no valid decision was adopted at a correspondence session, the president of the senate shall be obliged to include the matter in the first session to follow.

19.4.2. Decision

Decision

Article 320

By issuing a decision, the Agency shall adopt decisions with regard to the issuing or withdrawing an authorisation and/or approval and to other matters pursuant to the law.

Form of the decision and its serving

Article 321

(1) Decisions shall be issued in writing.

(2) The original decision shall be signed by the president of the senate.

(3) Parties shall be served authenticated copies of decisions.

Constituent parts of a decision
Article 322

(1) Each decision must be composed of an introduction, operative provisions and instructions about legal remedies.

(2) In addition to the information which must be included in the introduction of the decision pursuant to the General Administrative Procedure Act, the Agency’s decision must also include the name and surname of the president and members of the senate participating in the adoption of the decision.

(3) Unless otherwise stipulated by the law, the decision must include a detailed explanation. The explanation must also relate to those resolutions against which no special procedure of judicial protection is allowed.

19.4.3. Resolution

Resolution

Article 323

(1) By issuing a resolution, the Agency shall adopt decisions with regard to the issues relating to the procedure or arising with regard to the procedure itself.

(2) A resolution must be explained and must involve instructions about legal remedies only if a special procedure of judicial protection is allowed against the resolution.

(3) The provisions of Article 321 and 322 herein shall apply to the resolution as appropriate.

19.5. Procedure of judicial protection

19.5.1. Common provisions

Procedure of judicial protection

Article 324

(1) Judicial protection against the Agency’s decisions shall be provided in the procedure stipulated in this Act (hereinafter: procedure of judicial protection).

(2) Unless otherwise stipulated in this Act, the provisions of the ZUS (Official Gazette of the Republic of Slovenia, No. 50/97) shall apply to the procedure of judicial protection referred to in the first paragraph hereunder.

Right to judicial protection against decisions

Article 325

(1) It shall be allowed to initiate a judicial protection procedure against decisions issued by the Agency.

(2) Notwithstanding the provision of the first paragraph hereunder, there shall be no special procedure of judicial protection against the following decisions:

1. the decision whereby the Agency decides to appeal the order and dismisses, refuses, or amends the order;

2. the decision whereby the Agency initiates the procedure for the withdrawal of authorisation;

(3) The decision referred to in item 1 hereunder may be appealed against by initiating the procedure of judicial protection against the decision issued by the Agency because the subject of the supervision failed to comply with the Agency’s order.
(4) The decision referred to in item 2 hereunder may be appealed against by initiating the procedure of judicial protection against the decision to withdraw the authorisation.

Right to judicial protection against resolutions

Article 326

(1) There shall be no special procedure of judicial protection against resolutions issued by the Agency.

(2) Notwithstanding the provision of the first paragraph hereunder, it shall be allowed to initiate the special procedure of judicial protection against those resolutions of the Agency against which a special appeal is allowed, pursuant to the general administrative procedure.

(3) Resolutions against which no special procedure of judicial protection is allowed may be appealed against by initiating an action on administrative disputes against a decision, unless the procedure of judicial protection against the resolution is explicitly excluded by law.

Jurisdiction and composition of the court

Article 327

Decisions on the procedure of judicial protection shall be adopted by the supreme court sitting in a panel of five judges.

Action and defence

Article 328

(1) An action must be brought within eight days.

(2) The deadline for defence shall be eight days.

New facts and evidence

Article 329

The plaintiff in the procedure of judicial protection may not introduce new facts and present new evidence.

Limits of testing

Article 330

The court shall test the Agency’s decision within the limits of the claim and within the limits of the grounds stated in the action, whereby special attention shall be paid ex officio to any significant violation of the procedural provisions referred to in the third paragraph of Article 25 of the ZUS.

Session

Article 331

The court shall adopt decisions without a trial.

Legal remedies

Article 332

The ruling or resolution issued in the procedure of judicial protection may not be appealed against.
19.5.2. Procedure of judicial protection against the decision

with regard to the public offering of securities

Application of provisions

Article 333

The provisions of this subsection shall apply to the procedure of judicial protection against the following decisions of the Agency (hereinafter: decision with regard to the public offering of securities):

1. the decision whereby the Agency grants an authorisation for the initial public offering (the first paragraph of Article 21 herein),

2. the decision whereby the Agency establishes that a public offering is successful (the second paragraph of Article 35 herein),

3. the decision whereby the Agency grants an authorisation for a takeover bid (Article 23 of the ZPre),

4. the decision whereby the Agency establishes that the takeover bid is successful (Article 43 of the ZPre).

Commencement of the deadline for bringing an action

Article 334

The deadline for bringing the action referred to in the first paragraph of Article 328 herein against a decision with regard to the public offering of securities shall begin to run on the day following the publication of the announcement for subscribing and paying-in securities (Article 31 herein), of the result of a public offering (Article 36 herein), of the takeover bid (the first paragraph of Article 24 of the ZPre), and/or of the result of the takeover bid (the second paragraph of Article 50 of the ZPre).

Adopting decisions

Article 335

(1) If the court establishes that grounds exist on which it could annul the administrative act under Article 61 of the ZUS and could decide the matter by judgement, the court shall not annul the decision with regard to the public offering of securities but shall, by its judgement, only establish that the decision with regard to the public offering of securities was illegal.

(2) The judgement under the first paragraph hereunder shall not affect the validity of the issue of securities and/or the validity of legal transactions made in the course of the procedure of the public offering of securities and/or takeover bid.

(3) In the case referred to in the first paragraph hereunder, the investors may enforce any eventual compensation claims against the issuer, bidder and/or the Agency by litigation.

(4) Notwithstanding the provision of Article 332 herein, an appeal may be lodged against a judgement by which the court has ruled in the procedure of judicial protection against a decision with regard to the public offering of securities and upon which appeal the Supreme Court, sitting in a panel of seven judges, shall rule.

19.6. Procedure of supervision

19.6.1 General provisions
Application of provisions

Article 336

(1) In the procedure of supervision, the Agency shall supervise compliance with the provisions of this Act, ZISDU, ZPre and ZNVP, as well as the regulations issued on the basis thereof.

(2) The provisions of this section on the procedure of supervision shall apply to all procedures of supervision conducted by the Agency on the basis of the provisions of this Act, ZISDU, ZPre and ZNVP, insofar as the law does not otherwise provide for an individual procedure of supervision.

Party to the procedure of supervision

Article 337

(1) The party to the procedure of supervision shall be the entity over which the Agency conducts supervision (hereinafter: subject of supervision).

(2) Parties to the procedure of supervision of a legal entity which was granted the authorisation to provide services by the Agency (hereinafter: authorised subject of supervision) shall also be the members of the management board of the authorised subject of supervision.

Serving of documents

Article 338

(1) A document shall be served on the subject of supervision who is a legal entity or individual entrepreneur by delivering it to a person authorised to accept it, or to an employee found in the office or on the premises.

(2) The serving of documents to the members of the management board of an authorised subject of supervision shall be carried out by delivery to the authorised subject of supervision. It shall be considered that by delivery to the authorised subject of supervision, delivery to the members of the management board of the authorised subject of supervision shall also be accomplished.

(3) When a party to the procedure of supervision is represented by an attorney, it shall be considered that the serving of a document has been accomplished if the document is delivered to the attorney or an employee in the attorney's office.

(4) To a subject of supervision other than persons under the first, second or third paragraphs hereunder, a document shall be served by handing it to him at his/her residence or in the business premises of the person by whom he/she is employed.

Substitute personal serving of documents

Article 339

(1) If the serving of a document which needs to be served personally cannot be accomplished as prescribed in Article 338 herein and it has not been established that the one to whom the document had to be served is absent, the server shall serve it to the Agency. At the door or in the mailbox of the residence or business premises of the addressee or of the person by whom he is employed, the server shall leave a written notice stating where the document is located and the deadline of eight days by which the addressee must pick it up. The server shall state in the notice and in the document itself the reason for such an action and the date on which he left the notice at the door or in the mailbox of the addressee or the person by whom he is employed, and shall sign it.

(2) If the addressee does not pick up the document within eight days, it shall be considered that the serving was accomplished on the day the notice was left at the door or in the mailbox of the locations under the preceding paragraph, of which the addressee must be advised in the notice itself.
Indirect serving of documents

Article 340

If the serving of a document which need not be served personally cannot be accomplished as provided in Article 338 herein, the server shall leave the document at the door or in the mailbox of the residence or business premises of the addressee or of the person by whom he is employed. The server shall state on the document the reason for and date of such delivery and shall sign it. It shall be deemed that the serving of the document has thereby been accomplished.

19.6.2. Conducting supervision

Conducting supervision

Article 341

The Agency shall conduct supervision:

1. by monitoring, collecting and verifying the reports and information of the subjects of the supervision and other persons required by the provisions of this Act, ZISDU or ZPre to report to the Agency or to inform it of individual facts and circumstances;

2. by conducting examinations of the operations of subjects of supervision.

Authorised persons

Article 342

1. Examinations of operations shall be conducted by an expert of the Agency, who shall be authorised by the director of the Agency to conduct the examination.

2. The director of the Agency may also authorise a certified auditor to conduct an individual examination of operations.

3. The director of the Agency may, on the basis of a prior consultation with the director of the stock exchange and/or clearing and depository house, authorise a person who is employed with the stock exchange and/or clearing and depository house and who performs tasks relating to supervision at the stock exchange and/or clearing and depository house to conduct individual tasks in connection with examinations of operations.

4. The authorised persons referred to in the second and third paragraphs hereunder shall have, in connection with the examinations for which they have been authorised by the director of the Agency, the same competencies as the Agency.

Extent of examination

Article 343

(1) In conducting the supervision of an authorised subject of supervision, the Agency may also examine the operations of legal entities related to the authorised subject of supervision, if this is necessary for the supervision of the authorised subject of supervision.

(2) The provisions of Articles 344 to 348 herein shall apply as appropriate to the supervision of operations of the entities referred to in the first paragraph hereunder.

Reports and information

Article 344

(1) During the conduct of supervision, the Agency may request from the subject of the supervision records and information on all matters which are, in view of the purpose of each supervision, of importance for judging whether the subject of supervision is observing the provisions of this Act,
ZISDU, ZPre and/or ZNVP or the regulations issued on the basis thereof.

(2) The reports and information referred to in the first paragraph hereunder may also be requested by the Agency from members of the management board of the subject of supervision, and from persons employed by the subject of the supervision.

(3) The Agency may request that the persons referred to in the second paragraph hereunder provide, by a deadline which may not be shorter than three days, a written report on the matters under the first paragraph hereunder, or to make an oral statement on these matters.

Examinations of operations

Article 345

(1) The subject of the supervision must allow the authorised person of the Agency, at his/her request, to conduct an examination of operations at the headquarters of the subject of supervision, and at other locations in which the subject of supervision or another person, with his authorisation, performs activities and business in connection with which the Agency is conducting the supervision.

(2) The subject of the supervision must allow the authorised person of the Agency, at his request, to examine the books of account, business documents, and administrative or business records to the extent necessary for the conduct of an individual supervision or to the extent prescribed by the law regulating individual supervision.

(3) The subject of supervision must produce, at the request of the Agency, computer printouts or copies of books of account, business documents, and administrative or business records.

(4) The examination of operations under the first and second paragraphs hereunder shall be conducted by the Agency between the hours of 8 am and 6 pm. The Agency must conduct its examination in such a manner as to only hamper the normal operations of the subject of supervision to the extent necessary for the conduct of the examination in accordance with the purpose of each supervision.

Request for an examination of operations

Article 346

(1) The request for an examination of operations must be delivered to the subject of supervision at least eight days prior to the start of the examination of operations.

(2) Notwithstanding the provision of the first paragraph hereunder, the authorised person may deliver the request for an examination of operations as late as the beginning of the examination of operations if it would otherwise have been impossible to achieve the purpose of an individual supervision.

(3) The request for an examination of operations must contain a specific list of the books of account, business documents, and administrative or business records which are the subject of the examination.

(4) In the event referred to in the third paragraph of Article 345 herein, a request for an examination must contain a specific list of books of account, business documents, and administrative or business records which it will be necessary to submit in the form of computer print-outs or copies, and the deadline for their submission.

(5) The request for an examination of operations must also contain legal advice on the legal consequences which may occur if the subject of supervision fails to act in accordance with the request for the examination of operations or fails to allow the Agency to conduct an examination of operations in the manner prescribed in Article 345 herein.

(6) The Agency may, during the conduct of the examination of operations, supplement the request for an examination of operations. The third and fourth paragraphs hereunder shall apply to the
supplementing of the request as appropriate.

Conditions for conducting an examination

Article 347

(1) The subject of a supervision must provide the authorised persons of the Agency with an appropriate area in which they can conduct the examination of operations undisturbed and without the presence of other persons.

(2) The subject of supervision must ensure that during the time in which the authorised persons of the Agency are conducting the examination of operations in the area under the first paragraph of Article 345 of this Act, authorised persons of the subject of the supervision are available who can provide explanations regarding the books of account, business documents, and administrative or business records which are the subject of the examination.

Conditions for the examination of computerised books of account and records

Article 348

(1) The subject of supervision which processes data by computer or keeps books of account and other records on computer must, at the request of the authorised person of the Agency, provide the appropriate assistance for the inspection of books of account and records, and for testing the appropriateness of the data processed by computer.

(2) The subject of supervision must provide the Agency with documents from which a complete description of the operation of the accounting system is evident. The documents must clearly show the subsystems and data banks. The documents must provide an insight into:

1. computer solutions;
2. procedures relating to computer solutions;
3. controls which ensure correct and reliable data-processing;
4. controls which prevent unauthorised additions, changes to, or deletions of saved computer entries.

(3) Every change to the computer solution (computer programmes) under the first paragraph hereunder must be documented according to the time sequence of the creation of the changes, together with the date of the change. The documents must also show every change to the form of databases.

19.6.3. Elimination of violations

Order

Article 349

(1) If the Agency finds, during the course of its audit, violations of this Act, ZISDU, ZPre and/or regulations issued on the basis thereof, it shall impose on the subject of supervision an order to eliminate the violations or irregularities, or to perform or omit the performance of specific acts (hereinafter: elimination of violations).

(2) Unless otherwise stipulated in this subsection, the provisions of Articles 321 and 322 herein shall apply to the order as appropriate.

Operative provisions of orders

Article 350
The operative provisions of an order must contain:

1. a specific description of the violations whose elimination is required by the order;

2. the deadline by which the subject of supervision must eliminate the violations and submit a report on the elimination of violations;

3. the manner of elimination of violations, where the Agency has ordered the subject of supervision to eliminate the violations in a specific manner;

4. documents on or evidence of the elimination of violations, where the Agency orders the subject of supervision to submit specific documents or other evidence on the elimination of violations.

Submission of reports on the elimination of violations by the certified auditor

Article 351

If the Agency finds violations in the keeping of books of account or in the administrative and other records which the authorised subject of supervision is required to keep, or considerable violations in the operations of the authorised subject of supervision, it may also order the authorised subject of supervision to submit a report on the elimination of violations containing the positive opinion of the authorised auditor that the established violations have been eliminated.

Appeal against an order

Article 352

(1) The subject of supervision shall have the right to file an appeal against the order within eight days.

(2) If the entitled person has filed an appeal on time, the deadline for the elimination of violations set by the order shall be extended for the duration of the period from the filing of the appeal to the issuing of the decision regarding the appeal.

(3) Notwithstanding the second paragraph hereunder, the Agency may, by order, decide that the appeal shall not delay its execution when, because of the nature of the violation, its execution cannot be delayed.

(4) The Agency shall be obliged to decide on the appeal within 15 days of the receipt of the appeal.

Grounds for appeal

Article 353

An appeal against an order shall be allowed on the following grounds:

1. if the order was issued by a person not authorised to issue orders;

2. if the violation whose elimination is required by the order does not exist;

3. if the act or omission which provided grounds for the issuing of the order does not have the characteristics of a violation;

4. if the order cannot be executed, or cannot be executed in the manner defined by the order;

5. if the execution of the order would cause an act which is contrary to the enforcing provisions;

6. if the order required the execution of the elimination of violations by a person the audit of whom does not lie within the competencies of the Agency;

7. if the order requires, contrary to law, the submission of a report on the elimination of violations by
the certified auditor;

8. if the actual situation is stated erroneously or incompletely in the order.

Contents of an appeal

Article 354

(1) An appeal must contain:

1. a statement regarding the order against which it is filed;

2. a statement as to whether the order is being appealed against in its entirety or with regard to a specific part;

3. the grounds for the appeal;

4. other information which must be contained in every petition.

(2) In the appeal, the subject of supervision may state facts showing that the violations whose elimination was required by the order do not exist, and may submit evidence whereby he proves the existence of the facts stated. If the subject of supervision refers to documentary evidence in the statement, he must attach this evidence to the appeal.

(3) If the subject of supervision does not attach documentary evidence to the appeal, the provisions regarding incomplete petitions shall not apply, but the Agency shall use in its adoption of decisions only that evidence which has been attached to the statement.

(4) After the expiry of the deadline for appeal, the subject of supervision shall not have the right to state new facts and present new evidence.

Limits on testing an order

Article 355

The Agency shall test the order with regard to that part which is contested in the appeal, and within the limits of the grounds stated and explained in the appeal.

Adopting decisions with regard to appeals

Article 356

(1) The Agency shall adopt a decision on the appeal by issuing a decision.

(2) In adopting a decision on the appeal, the Agency may dismiss or reject the appeal, or change the order or annul it.

(3) The Agency shall dismiss an appeal if an appeal is inadmissible, if it is too late, or if it has not been filed by a legitimate person.

(4) If the Agency establishes that the grounds under points 1, 2, 3 or 6 of Article 353 herein exist, it shall annul the order.

(5) If the Agency establishes that the grounds under points 4, 5, 7 or 8 of Article 353 concern the nature of the violation exist, it shall annul the order or change it. In adopting its decision on the appeal, the Agency shall not be allowed to change the order to the detriment of the subject of supervision.

Reports on the elimination of violations
Article 357

(1) The subject of supervision must, by the deadline set in the order, eliminate the violations found and submit a report to the Agency in which he/she describes the measures for the elimination of the violations. He/She must attach documents and other evidence to the reports which show that the discovered violations have been eliminated.

(2) In the event referred to in Article 351 herein, the subject of supervision shall be obliged to attach to the report on the elimination of violations a report by the certified auditor as well.

(3) If it is evident from the report referred to in the first paragraph hereunder and the evidence attached thereto, or from the report referred to in the second paragraph hereunder, that the violations have been eliminated, the Agency shall issue a decision whereby it establishes that the violations found in the order have been eliminated. The Agency may, prior to issuing the decision, conduct a repeat examination of operations to the extent necessary in order to find out whether the violations have been eliminated.

(4) If the report referred to in the first paragraph hereunder is incomplete and/or if it is not evident from the attached evidence that the discovered violations were eliminated, the Agency shall command the completion of the report and determine the deadline for such completion by issuing an order to the subject of supervision.

(5) The Agency shall be obliged to issue the decision and/or order referred to in the third and/or fourth paragraph hereunder within thirty days of the receipt of the report on the elimination of violations, otherwise it shall be deemed that the violations were eliminated.

19.6.4. Temporary ban on the provision of services

Decision on a temporary ban

Article 358

Where the law stipulates that the Agency may temporarily prohibit the authorised subject of supervision from providing services, the Agency shall issue a decision on a temporary ban whereby it temporarily prohibits the authorised subject of supervision from providing services and imposes measures laid down by law as necessary in order to achieve the purpose of the prohibition.

Appeal against a decision on a temporary ban

Article 359

(1) The subject of supervision shall have the right to file an appeal against the decision on a temporary ban within eight days.

(2) The appeal shall not delay the execution of the decision.

Grounds for appeal

Article 360

An appeal against the decision on a temporary ban shall be allowed on the following grounds:

1. if the decision on a temporary ban was issued by a person not authorised to issue decisions;

2. if the conditions for issuing the decision on a temporary ban were not met;

3. if the actual situation is stated erroneously or incompletely in the decision on a temporary ban.

Application of provisions on the appeal against the decision on a temporary ban
Article 361

The provisions of Articles 354 to 356 herein shall apply to the appeal against the decision on a temporary ban as appropriate.

Adopting decisions with regard to appeals

Article 362

The Agency shall be obliged to decide on the appeal within 15 days, otherwise it shall be deemed that the appeal was rejected.

19.6.5. Withdrawal of authorisation

Initiation of the procedure for withdrawing authorisation

Article 363

(1) The Agency shall initiate the procedure for withdrawing a previously granted authorisation if the information at its disposal indicates that there exists a well-founded suspicion of the existence of any of the grounds for the withdrawal of the authorisation defined by law.

(2) The Agency shall adopt a decision to initiate the procedure for withdrawing an authorisation by a decision (hereinafter: decision to initiate the procedure for withdrawing an authorisation).

(3) The decision to initiate the procedure for withdrawing an authorisation must contain:

1. a specific description of the actions, practices or circumstances which are supposed to be the grounds for initiating the procedure;

2. a citation of the documents and other evidence on the basis of which the Agency concluded the existence of a well-founded suspicion referred to in the first paragraph hereunder;

3. an explanation of the decision to initiate the procedure.

(4) In the decision to initiate the procedure for withdrawing an authorisation, the Agency shall set the deadline, which may not be shorter than 15 or longer than 30 days, counting from the day of the serving of the decision on the subject of supervision, during which time the subject of supervision may make a statement regarding the grounds for the initiation of the procedure (hereinafter: statement regarding the grounds for withdrawing an authorisation).

Statement regarding the grounds for withdrawing an authorisation

Article 364

(1) In the statement regarding the grounds for withdrawing an authorisation, the subject of supervision may state facts which show that there are no grounds for withdrawing the authorisation, and submit evidence substantiating the existence of the stated facts. If the subject of supervision refers to documentary evidence in his statement, he must attach this evidence to the statement.

(2) If the subject of supervision does not attach documentary evidence to the statement regarding the grounds for withdrawing an authorisation, the provisions regarding incomplete petitions shall not apply but the Agency shall, in adopting decisions, only use that evidence which has been attached to the statement.

(3) After the expiry of the deadline for the statement regarding the grounds for withdrawing an authorisation, the subject of supervision shall not have the right to state new facts and present new evidence.
Adopting a decision regarding the withdrawal of an authorisation

Article 365

(1) The Agency must adopt a decision regarding the withdrawal of an authorisation within 30 days of the receipt of the statement regarding the grounds for the withdrawal of an authorisation, or after the expiry of the deadline set for such a statement.

(2) The Agency may adopt a decision regarding the withdrawal of an authorisation only because of those actions, practices or circumstances on the basis of which it issued the decision on the initiation of the procedure for the withdrawal of an authorisation, and only on the basis of those documents and other evidence which were cited in the decision on the initiation of the procedure and which the subject of supervision had attached to the statement regarding the grounds for the withdrawal of an authorisation.

Termination of procedure

Article 366

The Agency shall terminate the procedure for the withdrawal of an authorisation:

1. if it concludes that the action, practices or circumstances due to which it issued the decision regarding the initiation of the procedure for the withdrawal of an authorisation do not show grounds for the withdrawal of an authorisation;

2. or if it concludes that it has not been proved that the subject of supervision committed the act or that there existed circumstances due to which it issued the decision regarding the initiation of the procedure for the withdrawal of an authorisation.

Decision with regard to the withdrawal of an authorisation

Article 367

(1) The operative provisions of a decision regarding the withdrawal of an authorisation must contain:

1. the decision regarding the withdrawal of an authorisation, including the number symbol and date of granting of the authorisation;

2. the name of the company and its head office, or the first and last name and date of birth of the subject of supervision whose authorisation has been withdrawn;

3. a specific description of the actions, practices or circumstances which are supposed to be the grounds for the withdrawal of authorisation.

(2) The decision regarding the withdrawal of authorisation must be explained.

Revocation of a conditional withdrawal of authorisation

Article 368

For the revocation of a conditional withdrawal of authorisation, the provisions of this subsection on the procedure for the withdrawal of authorisation shall apply as appropriate.

19.7. Procedure of adopting decisions with regard to the granting of authorisations or approvals

Application of provisions

Article 369
The provisions of this section shall apply to the procedure of adopting decisions regarding the granting of an authorisation or approval, unless otherwise stipulated in the law regulating individual procedures for granting an authorisation or approval.

Parties to the procedure

Article 370

(1) A party to the procedure shall be the filer of the application for the granting of an authorisation or approval (hereinafter: applicant).

(2) A party to the procedure shall also be a person whose legal interest might be affected by the decision of the Agency, if it declares its participation in the procedure in writing.

(3) Each party shall bear its own costs relating to the procedure.

Initiation of the procedure

Article 371

(1) The procedure shall be initiated upon the filing of an application for the granting of an authorisation or approval (hereinafter: application).

(2) The Agency shall initiate the procedure ex officio or at the request of another responsible authority only when so provided by law.

Contents of the application

Article 372

(1) An application must contain:

1. the company name, head office and identification number of the applicant;

2. the specific application for the granting of an authorisation or approval;

3. other information required by law.

(2) The documents required by law and other documents substantiating the application for the granting of the authorisation, and evidence of payment of the fee for the adoption of a decision must be attached to the application.

Procedural preconditions for the adoption of decisions

Article 373

(1) During the procedure of the preliminary testing of the application, the president of the senate shall test whether the procedural preconditions for the adoption of decisions have been fulfilled:

1. whether the application was filed by a legitimate person;

2. whether the application contains all required information;

3. whether all the required documents have been attached to the application;

4. whether evidence of payment of the fee for the work of the supervisory authority has been attached to the application;

5. whether all other procedural preconditions which must be fulfilled for a decision to be made on the
application have been fulfilled.

(2) If the president of the senate finds that the procedural preconditions for the adoption of a decision on the application have not been fulfilled and the deficiencies involved cannot be eliminated, it shall dismiss the application by issuing a decision.

(3) If the president of the senate finds that the procedural preconditions for the adoption of a decision on the application have not been fulfilled and the deficiencies can be eliminated, he shall request, with a resolution, that the applicant eliminate the deficiencies. In the resolution he shall set the deadline for the elimination of the deficiencies, which may not be shorter than eight or longer than fifteen days.

(4) If the applicant, in the event referred to in the third paragraph hereunder, fails to eliminate the deficiencies within the deadline set, the president of the senate shall reject the application by issuing a decision.

(5) There shall be no specific judicial protection against the resolution referred to in the third paragraph hereunder.

(6) The Agency shall be obliged to issue the resolution referred to in the third paragraph hereunder in the following time periods:

1. if the application concerns the granting of an authorisation to provide services, within two months of the receipt of the application,

2. if the application concerns the granting of an authorisation referred to in item 2 and/or 3 of the first paragraph of Article 374 herein, within fifteen days of the receipt of the application,

3. in all other cases, within 30 days of the receipt of the application.

Deadline for adopting decisions

Article 374

(1) The Agency must adopt its decisions on the matters relating to the granting of authorisation and/or approval within the following deadlines:

1. if the application concerns the granting of an authorisation to provide services, within 6 months of the receipt of the application for the granting of an authorisation;

2. if the application concerns the granting of an authorisation for an initial public offering (Article 20 herein) or the granting of an authorisation for organised trading (Article 55 herein), within thirty days of the receipt of the application for the granting of an authorisation;

3. if the application concerns the prolongation of the deadline for the subscribing and paying-in securities (the second paragraph of Article 33 herein), within eight days of the receipt of the application;

4. if the application concerns the granting of an authorisation for the initial public offering of securities issued by foreign issuers (Article 45 herein), the granting of an authorisation for organised trading in securities issued by foreign issuers (Article 49 herein), and in all other matters, within 2 months of the receipt of the application for the granting of an authorisation.

(2) If the Agency has issued the resolution referred to in the third paragraph of Article 373 herein within the deadline referred to in the sixth paragraph of Article 373 herein, the period of time referred to in the first paragraph hereunder shall not run from the serving of the decision to the expiry of the period for the elimination of deficiencies or to the receipt of the supplement to or correction of the application, if such is completed within the period stipulated by the resolution.

Decision on the application for authorisation
Article 375

(1) The Agency shall adopt decisions on the applications for authorisation and/or approval by issuing a decision.

(2) The operative provisions of the decision shall involve the Agency’s decision whereby the application for authorisation and/or approval was either acceded to or rejected, and other decisions which, pursuant to the provisions of this Act, must be included in the Agency’s decision.

(3) The decision must be explained if the application for authorisation and/or approval is either rejected or dismissed or if the applications to be decided on are filed by several parties to the procedure whose interests are conflicting. If necessary, decisions may also be explained in other events.

19.8. Procedure of adopting decisions on individual matters pursuant to the Takeovers Act

Application of provisions

Article 376

The provisions of this section shall apply to the procedure of adopting decisions on individual matters pursuant to the ZPre.

Responsibilities and composition of procedural bodies

Article 377

(1) Notwithstanding the provision of the first paragraph of Article 311 herein, the senate adopting decisions on individual matters pursuant to the ZPre shall be composed of the president of the senate and two members of the council of experts defined by the job description of the Agency.

(2) Notwithstanding the provision of the second paragraph of Article 312 herein, the president of the senate shall adopt decisions with regard to:

1. applications for an authorisation for a takeover bid (Article 23 of the ZPre),
2. granting the decision referred to in the first paragraph of Article 32 of the ZPre,
3. approvals to withdraw from the takeover intention (Article 18 of the ZPre),
4. establishing the result of the takeover bid (Article 43 of the ZPre).

Procedure of adopting a decision on granting the authorisation for a takeover bid

Article 378

(1) Notwithstanding the provisions of the first and second paragraphs of Article 370 herein, the party to the procedure shall be the bidder.

(2) Notwithstanding the provision of the sixth paragraph of Article 373 herein, the president of the senate shall be obliged, if the application concerns the takeover bid referred to in Article 10 of the ZPre, to issue the resolution referred to in the third paragraph of Article 373 herein no later than five days after the receipt of the application, and in all other events within three days of the receipt of the application.

(3) Notwithstanding the provision of the first paragraph of Article 374 herein, the president of the senate shall be obliged to adopt a decision on the application for an authorisation for the takeover bid
referred to in Article 10 of the ZPre within fifteen days of the receipt of the application, and in all other events within five days of the receipt of the application.

(4) If the president of the senate does not adopt a decision on the application for an authorisation for the takeover bid within the deadline referred to in the third paragraph hereunder, it shall be deemed that the Agency has granted an authorisation for the takeover bid.

Appeal against a decision

Article 379

(1) The bidder shall have the right to lodge an appeal against the following decisions taken by the president of the senate:

1. a decision whereby the president of the senate refuses the application for an authorisation for the takeover bid,

2. a decision referred to in the first paragraph of Article 32 of the ZPre,

3. a decision whereby the president of the senate refuses the application for approval to withdraw from the takeover intention,

4. a decision whereby the president of the senate establishes that the takeover bid was not successful.

(2) An appeal must be lodged within five days of the serving of the decision.

(3) The Agency shall be obliged to decide on the appeal referred to in the first paragraph hereunder within 15 days of the receipt of the appeal and/or, in the same time period, to issue the resolution referred to in the third paragraph of Article 3737 herein. The provision of the second paragraph hereunder shall apply to the deadline concerning appeals as appropriate.

(4) The appeal referred to in the first paragraph hereunder shall be allowed on the following grounds:

1. if the decision was issued by a person not authorised to issue decisions,

2. if substantive law is applied erroneously in the decision,

3. if the actual situation is stated erroneously or incompletely in the decision.

(5) In the appeal against the decision referred to in points 1 and/or 3 of the first paragraph hereunder it shall not be allowed to introduce new facts and present new evidence.

(6) Unless otherwise stipulated in the preceding paragraphs, the provisions of Articles 354 to 356 herein shall apply as appropriate to the appeal referred to in the first paragraph hereunder.

Procedure of supervision over the implementation of the takeover bid

Article 380

(1) If, during the supervisory procedure over the implementation of the takeover bid, the Agency discovers irregularities which can be eliminated, it shall issue an order whereby the bidder and/or bank or stockbroking company and/or company – issuer of securities shall be obliged to eliminate the irregularities discovered.

(2) In the order referred to in the first paragraph hereunder, the Agency shall determine a deadline for eliminating the irregularities which must not exceed five days.

(3) The persons referred to in the first paragraph hereunder shall be obliged, within the deadline referred to in the second paragraph hereunder, to submit a report on the elimination of irregularities.
The provisions of the first and third paragraphs of Article 357 herein shall apply to the report on the elimination of irregularities as appropriate.

(4) During the period from the serving of the Agency's order referred to in the first paragraph hereunder to the expiration of the deadline referred to in the second paragraph hereunder, the acceptance or revocation of the offer of holders of securities to which the takeover bid refers shall not have any effect. The deadline for accepting the offer shall not run during this period.

(5) Notwithstanding the provision of Article 352 herein,

1. the deadline for an appeal against the order referred to in the first paragraph hereunder shall be three days from the serving of the order,

2. an appeal shall not delay the execution of the order,

3. the Agency shall be obliged to decide on the appeal within five days of its receipt.

(6) If the bidder fails to act in compliance with the order referred to in the first paragraph hereunder or if irregularities are concerned which were committed by the bidder and which cannot be eliminated, the Agency shall issue a decision whereby the procedure of the takeover bid is annulled.

(7) In the event referred to in the sixth paragraph hereunder, the takeover bid shall be deemed unsuccessful.

19.9. Procedure of adopting decisions by the stock exchange and the clearing and depository house

Adopting decisions by the stock exchange and the clearing and depository house on the basis of public authority

Article 381

(1) The provisions of this section shall apply to the adopting of a decision by:

1. the stock exchange on the applications for the admission of a security to the listing, on the delisting of a security from the listing on the stock exchange, and on the admission of securities to the over-the-counter market,

2. the clearing and depository house on the issue, exchange or deletion of securities.

(2) Unless otherwise stipulated in this section, the provisions of Article 309, the first paragraph of Article 313, Article 314, the first paragraph of Article 315, Article 316, Articles 320 to 323, the first paragraph of Article 370, the first paragraph of Article 371 and Articles 372 to 375 herein shall apply to the adopting of decisions referred to in the first paragraph hereunder as appropriate.

(3) The provisions of this section shall also apply to the adopting of decisions by the stock exchange on the measures to be taken against issuers. The provisions of Articles 349 to 357 herein shall apply as appropriate to the adopting of decisions by the stock exchange on the measures to be taken against issuers.

Procedural bodies

Article 382

(1) Decisions with regard to the matters referred to in item 1 of the first paragraph and in the third paragraph of Article 381 herein shall be taken by the body of the stock exchange specified to adopt decisions concerning individual matters in the general acts of the stock exchange.
(2) Decisions with regard to item 2 of the first paragraph of Article 381 shall be adopted by the body of the clearing and depository house specified in the operation regulations of the clearing and depository house.

Deadline for adopting decisions

Article 383

(1) The stock exchange and/or the clearing and depository house shall be obliged to issue the resolution referred to in the third paragraph of Article 373 herein within seven days of the receipt of the application.

(2) The stock exchange shall be obliged to adopt a decision with regard to admission of a security to listing on the stock exchange or admission to the over-the-counter market within 30 days of the receipt of the application.

(3) The clearing and depository house shall be obliged to adopt a decision with regard to the application for the issue of securities within seven days of the receipt of the application, and decisions with regard to other applications within fifteen days of the receipt of the application, unless otherwise stipulated by law with regard to individual events.

Appeals against the decisions of the stock exchange and/or the clearing and depository house

Article 384

(1) In the matters referred to in the first paragraph of Article 381 herein, the issuer shall have the right to lodge an appeal against the decisions of the stock exchange and/or the clearing and depository house within eight days of the serving of the decision.

(2) Appeals shall be lodged with the stock exchange and/or the clearing and depository house. The stock exchange and/or the clearing and depository house shall be obliged, within three working days of the receipt of the appeal, to submit to the Agency the documents concerning the matter to be appealed.

(3) Decisions with regard to the appeals referred to in the first paragraph hereunder shall be taken by the Agency, which shall be obliged to decide on the appeal within fifteen days of the receipt of the appeal and/or, within the same time period, to issue the resolution referred to in the third paragraph of Article 373 herein.

(4) The appeal referred to in the first paragraph hereunder shall be allowed on the following grounds:

1. if the decision was issued by a person not authorised to issue decisions;

2. if substantive law is applied erroneously in the decision;

3. if the actual situation is stated erroneously or incompletely in the decision.

(5) An appeal against a decision whereby the stock exchange has temporarily or permanently delisted a security from the stock exchange shall not delay the execution of that decision.

(6) Unless otherwise stipulated in the preceding paragraphs, the provisions of Articles 354 to 356 herein shall apply to the appeal referred to in the first paragraph hereunder as appropriate.

19.10. Legal force and execution of the decisions by the Agency

Decisions imposing the meeting of financial obligations

Article 385
Legally-valid decisions of the Agency imposing the meeting of a financial obligation shall be executed by the court, upon the proposal of the Agency.

Order to eliminate violations

Article 386

An order to eliminate violations cannot be executed compulsorily.

Decision on the withdrawal of authorisation to provide services

Article 387

(1) On the day a decision on the withdrawal of authorisation to provide services becomes legally valid, the subject of supervision shall cease to be allowed to provide services for which the authorisation has been withdrawn.

(2) On the day a decision on the withdrawal of authorisation to provide services becomes legally valid, the authorisations of the subject of supervision to provide services for the account of clients and/or investment funds managed by it shall cease to be effective.

(3) The subject of supervision whose authorisation to provide services has been legally withdrawn shall only be allowed to perform those activities which are necessary in order to return assets to the clients and/or to transfer the assets of the investment funds managed by it to the custodian bank.

20. PENAL PROVISIONS

Major violations of the provisions on the initial public offering of securities

Article 388

(1) A fine of between 10,000,000 and 100,000,000 SIT shall be imposed on an issuer of securities for an economic offence:

1. if it performs the initial offering of securities without an initial public offering although the latter would be statutory (Article 17);

2. if it commences or performs an initial public offering of securities without obtaining the authorisation for initial public offering to be granted by the Agency (the first paragraph of Article 19);

3. if information which is not in accordance with the truth or incomplete information is published in the prospectus or abstract from the prospectus (Article 22);

4. if, during the course of the public offering, the conditions of the public offering are changed in contravention of Article 27 herein;

5. if the subscribing of securities is organised or carried out in contravention of Article 28 herein;

6. if it continues the subscription of securities after the expiration of the deadline referred to in the first and/or second paragraph of Article 33 herein (the third paragraph of Article 33);

7. if it issues securities on the basis of a public offering although the public offering was not successful (Article 34 and the third paragraph of Article 39);

8. if it does not issue to the clearing and depository house a complete order to issue the dematerialised securities which were the subject of public offering within 15 days counted from the day when the conditions for their issuance were satisfied (the second paragraph of Article 41 herein).

(2) A fine of between 250,000 and 500,000 SIT shall be imposed on the competent person
competent person of an issuer who commits the economic offence defined in the first paragraph hereunder.

Minor violations of the provisions on the initial public offering of securities

Article 389

(1) A fine of between 1,000,000 and 20,000,000 SIT shall be imposed on an issuer of securities for an economic offence:

1. if it fails to submit to the Agency the final version of the prospectus no later than seven days prior to the commencement of the public offering (Article 26);

2. if, prior to the commencement of the procedure for subscribing and paying-in securities, the issuer fails to publish an announcement for subscribing and paying-in securities, and/or if the contents of the announcement or the method of its publication are in contravention of the regulation issued on the basis of the third paragraph of Article 31 herein (the first paragraph of Article 31);

3. if it fails to ensure the availability of the prospectus and abstract from the prospectus as provided for in the first to third paragraphs of Article 32 herein;

4. if it fails to ensure access to its by-laws and/or articles of association as well as its financial statements if they were compiled after the prospectus was drawn up, in accordance with the method laid down in the fourth paragraph of Article 32 herein;

5. if it fails to notify the Agency of the number of securities subscribed and paid-in in accordance with the method and deadline laid down in the first paragraph of Article 35 herein;

6. if it fails to publish data stating whether the public offering in question was successful or not in accordance with the deadline, contents and method laid down in Article 36 herein;

7. if it issues securities on the basis of a successful public offering prior to the receipt of the decision whereby it is established by the Agency that the public offering in question was successful (the third paragraph of Article 35);

8. if it fails to submit the prospectus to the stock exchange and each stockbroking company within 15 days counted from the day when the conditions for the issuance of securities on the basis of a successful public offering were satisfied (the third paragraph of Article 41).

(2) The competent person of an issuer who has committed the economic offence defined in the first paragraph hereunder shall be fined between 50,000 and 300,000 SIT.

Violation of the provisions on the public offering of securities

issued by foreign issuers

Article 390

The stockbroking company referred to in the first paragraph of Article 43 herein and the competent person of the stockbroking company shall be fined for the economic offence referred to in Article 388 and/or 389 herein committed with regard to the initial public offering of securities issued by foreign issuers.

Major violations of the publicly held company’s obligation to report

Article 391

(1) A fine of between 10,000,000 and 100,000,000 SIT shall be imposed on a publicly held company for an economic offence:
1. if it fails to submit its audited annual report to the Agency in accordance with the deadline and contents laid down in the first and second paragraphs of Article 63 herein;

2. if, when its securities are traded on the organised securities market, it fails to submit its audited annual reports to the stock exchange in accordance with the deadline and contents laid down in the first and second paragraphs of Article 63 herein (the third paragraph of Article 63);

3. if it fails to publish a summary of its audited annual report within the deadline under the first paragraph of Article 64 herein and in accordance with the contents and method stipulated by the regulation to be issued on the basis of the fourth paragraph of Article 63 herein (the first paragraph of Article 64 herein);

4. if its shares were admitted to listing on the stock exchange and it fails to submit to the Agency its interim report within three months after the end of the interim accounting period and in accordance with the contents stipulated in the regulation issued on the basis of the fourth paragraph of Article 64 herein (the third paragraph of Article 63 in relation to the third paragraph of Article 65);

5. if its shares were admitted to listing on the stock exchange and it fails to submit to the stock exchange its interim report within three months after the end of the interim accounting period and in accordance with the contents stipulated in the regulation issued on the basis of the fourth paragraph of Article 64 herein (the third paragraph of Article 63 in relation to the third paragraph of Article 65);

6. if its shares were admitted to listing on the stock exchange and it fails to publish the summary of its interim report within the deadline referred to in first paragraph of Article 64 herein and in accordance with the contents stipulated in the regulation issued on the basis of the fourth paragraph of Article 64 herein (the third paragraph of Article 63 in relation to the third paragraph of Article 65);

7. if it fails to publish a business event relating to the publicly held company or its security which might significantly affect the price of those securities in accordance with the deadlines, contents and method stipulated in the regulation to be issued on the basis of the third paragraph of Article 66 herein (the first paragraph of Article 66);

8. if its securities were admitted to the listing on the stock exchange and it fails to publish the abstract from the prospectus for listing on the stock exchange within eight days of the announcement of the admission to listing on the stock exchange in accordance with the contents and method stipulated in the regulation to be issued on the basis of the second paragraph of Article 236 herein (the first paragraph of Article 237 herein).

(2) A fine of between 250,000 and 500,000 SIT shall be imposed on the competent person of a publicly held company who commits the economic offence defined in the first paragraph hereunder.

Minor violations of the publicly held company’s obligation to report

Article 392

(1) A fine of between 1,000,000 and 20,000,000 SIT shall be imposed on a publicly held company for an economic offence:

1. if, when its securities are traded on the organised securities market, it fails to submit its audited annual reports to each stockbroking company in accordance with the deadline and contents laid down in the first and second paragraphs of Article 63 herein (the third paragraph of Article 63);

2. if, when its audited annual reports are rejected by the general meeting of shareholders, it fails to inform the Agency in accordance with the deadline and method laid down in the fourth paragraph of Article 63 herein;

3. if it fails to submit the text of a summary of its audited annual report to the Agency (the second paragraph of Article 64);

4. if, when its securities are traded on the organised securities market, it fails to submit the text of a
summary of its audited annual report to the stock exchange and each stockbroking company (the third paragraph of Article 64);

5. if its shares were admitted to the listing on the stock exchange and it fails to submit to each stockbroking company its interim report in accordance with the deadline and contents stipulated in the second paragraph of Article 65 herein (the third paragraph of Article 63 in relation to the third paragraph of Article 65);

6. if it fails to inform the Agency of a business event referred to in the first paragraph of Article 66 herein in accordance with the deadlines, contents and method stipulated in the regulation to be issued on the basis of the third paragraph of Article 66 herein (the second paragraph of Article 66);

7. if, when its securities are traded on the organised securities market, it fails to inform the stock exchange of a business event referred to in the first paragraph of Article 66 herein in accordance with the deadlines, contents and method stipulated in the regulation to be issued on the basis of the third paragraph of Article 66 herein (the second paragraph of Article 66);

8. if, when its securities are traded on the organised securities market, it fails to ensure the availability of the prospectus in accordance with the method stipulated in the first to third paragraphs of Article 238 herein.

(2) The competent person of a publicly held company who has committed the economic offence defined in the first paragraph hereunder shall be fined between 50,000 and 300,000 SIT.

Major violations of the provisions with regard to securities

Article 393

(1) A fine of between 10,000,000 and 100,000,000 SIT shall be imposed on a stockbroking company for an economic offence:

1. if it performs activities which it is not allowed to engage in (the second paragraph of Article 79);

2. if it provides individual services with regard to securities for which it has not obtained the authorisation to provide such services with regard to securities to be granted by the Agency (the first paragraph of Article 92);

3. if a person who has not obtained the Agency’s authorisation to assume the function of a management board member is appointed to be a management board member (the first paragraph of Article 86);

4. if it provides individual services and/or activities although it does not have the minimum capital necessary for the provisions of those services and/or activities (Article 117),

5. if its exposure to an individual entity and its related entities exceeds 25% of its capital (the first paragraph of Article 120);

6. if the sum of all large exposures of the stockbroking company exceeds 800% of its capital (the second paragraph of Article 121);

7. if it fails to stipulate its general conditions of operation in accordance with the contents laid down in Article 137 herein (the first paragraph of Article 137);

8. if it publishes advertisements whose contents might mislead investors in terms of rights and risks attaching to an individual security as well as with regard to the services provided by it (the second paragraph of Article 135);

9. if it violates the regulation on advertising issued on the basis of the fourth paragraph of Article 135 herein;
10. if it buys and/or sells securities on the organised market for its own account or for the accounts of those employed with the stockbroking company if, as a result of this, it was not able to execute a client’s concurrent order to buy and/or sell or if such an order could only be executed under conditions less favourable for the client (the fourth paragraph of Article 147);

11. if it fails to accept and make payments arising from deals made for the clients’ accounts through a special account (the first paragraph of Article 151);

12. if it accepts and makes payments arising from deals made for its own account through the special account referred to in the first paragraph of Article 151 herein (the second paragraph of Article 151);

13. if it transfers to the house account those securities held by its clients or acquired for the clients’ accounts (the second paragraph of Article 155);

14. if it transfers securities held at the account of one client to another account without that client's written order (the second paragraph of Article 158);

15. if it fails to keep a client's securities issued as written documents in accordance with the method stipulated in Article 165 herein;

16. if it discloses the information referred to in the first paragraph of Article 177 to third parties, makes use of them itself or enables third parties to make use of them (the second paragraph of Article 177 herein);

17. if it performs operations with regard to securities or commits other deeds with the intention of providing false or misleading information with regard to either the volume of sales in a security or the price of an individual security (the first paragraph of Article 248);

18. if it fails to keep books of account, records and documents in accordance with the method laid down in Articles 171 and 187 and/or the regulation issued on the basis of Article 190 herein;

19. if it fails to keep the records referred to in Articles 172 and 173 herein in accordance with the contents and method laid down in the regulation issued on the basis of Article 180 herein;

20. if it fails to keep and retain the documents referred to in Articles 174 to 176 in accordance with the method laid down in the regulation issued on the basis of Article 180 herein;

21. if it fails to compile annual reports in accordance with the contents laid down in the regulation issued on the basis of Article 190 herein;

22. if it fails to submit to the Agency the audited annual reports and the audited consolidated annual reports in accordance with the deadlines referred to in the third paragraph of Article 191 herein;

(2) A fine of between 250,000 and 500,000 SIT shall be imposed on the competent person of a stockbroking company who commits the economic offence defined in the first paragraph hereunder.

Minor violations of the provisions with regard to securities

Article 394

(1) A fine of between 1,000,000 and 20,000,000 SIT shall be imposed on a stockbroking company for an economic offence:

1. if it fails to publish the general conditions of operation and price list (the first paragraph of Article 138);

2. if it fails to deliver to the client a copy of the general conditions of operation (the second paragraph of Article 138);

3. if it fails, prior to the publication of an advertisement, to notify the Agency of its contents (the third
paragraph of Article 135);

4. if it fails to enter into a general stockbroking agreement with the client in writing (the second paragraph of Article 142);

5. if it fails to deliver to a client a confirmation of the acceptance of the order in accordance with the deadline laid down in the second paragraph of Article 144 herein and in accordance with the contents stipulated in the regulation issued on the basis of Article 180 herein (the first paragraph of Article 144);

6. if, when a security is traded on the organised market, the stockbroking company fails to execute orders to buy or sell securities on the organised market (the first paragraph of Article 146);

7. if it fails to execute the clients’ orders to buy and/or sell securities on the organised market in chronological order of accepting the relevant orders to buy and/or sell (the third paragraph of Article 147);

8. if it fails to deliver the securities to the client in accordance with the method and deadlines laid down in Article 150 herein;

9. if it fails to remit the financial assets concerned within the deadlines laid down in the third paragraph of Article 151;

10. if it fails to present to the client a statement of deals made within the deadline under Article 152 herein and in accordance with the contents laid down in the regulation issued on the basis of Article 180 herein (Article 152);

11. it fails to keep all securities held by it in the house account (the first and third paragraphs of Article 155);

12. if it fails to enter orders for transfers among accounts of various holders of securities in chronological order of receiving such orders (Article 160);

13. if, at a client’s request, a stockbroking company fails, on the day following the completed transfer, to make a statement on the transfer (Article 162);

14. if it fails to make a statement to a client on the balance of and annual transactions on the securities account within the deadlines laid down in Article 163 herein;

15. if it fails to enter into an agreement on securities management with a client in writing (the second paragraph of Article 168);

16. if it fails to send to a client for whom it provides services with regard to securities management a report on the investment balance involving a statement of transactions in accordance with the deadlines, contents and enclosures laid down in Article 170 herein and in the regulation issued on the basis of Article 180 herein;

17. if it fails to publish the summary of the audited annual report and/or the summary of the audited consolidated annual report with the auditor’s opinion in accordance with the deadline and method laid down in the regulation issued on the basis of the second paragraph of Article 193 herein (the first paragraph of Article 193);

18. if it fails to make monthly reports to the Agency in accordance with the contents, method, and deadlines laid down in the regulation issued on the basis of Article 130 herein (Article 129);

19. if it fails to report to the Agency on the facts and circumstances referred to in Article 198 herein in accordance with the contents, method and deadlines stipulated in the regulation issued on the basis of Article 200;
20. if, at the request of the Agency, it fails to submit reports and/or information (Articles 199 and 278);

(2) The competent person of a stockbroking company who has committed the economic offence defined in the first paragraph hereunder shall be fined between 50,000 and 300,000 SIT.

Violations of the provisions with regard to the stock exchange

Article 395

(1) A fine of between 10,000,000 and 100,000,000 SIT shall be imposed on the stock exchange for an economic offence:

1. if it provides other financial services without an authorisation from the Agency (the second paragraph of Article 218);

2. if a person who has not obtained an authorisation from the Agency to assume the function of a management board member is appointed as a management board member (the second paragraph of Article 222);

3. if it discloses the classified information referred to in the first paragraph of Article 177 to third parties, makes use of it itself or enables third parties to make use of it (the second paragraph of Article 177 in relation to the first paragraph of Article 225);

4. if it fails to obtain the Agency's approval of its general acts and/or of any amendments thereto (the first paragraph of Article 227 and the second paragraph of Article 228);

5. if it fails to determine trading rules (the first paragraph of Article 246).

(2) A fine of between 250,000 and 500,000 SIT shall be imposed on the competent person of the stock exchange who commits the economic offence defined in the first paragraph hereunder.

(3) A fine of between 1,000,000 and 20,000,000 SIT shall be imposed on the stock exchange for an economic offence if it fails to inform the Agency about the fact and/or circumstance referred to in the first paragraph of Article 251 herein in accordance with the contents and method laid down in the regulation issued on the basis of the second paragraph of Article 251 herein (the first paragraph of Article 249).

(4) A fine of between 50,000 and 300,000 SIT shall be imposed on the competent person of the stock exchange who commits the economic offence defined in the third paragraph hereunder.

Violations of the provisions with regard to the clearing and depository house

Article 396

(1) A fine of between 10,000,000 and 100,000,000 SIT shall be imposed on the clearing and depository house for an economic offence:

1. if it performs activities which it is not allowed to engage in (Article 260);

2. if a person who has not obtained an authorisation of the Agency to assume the function of a management board member of the clearing and depository house is appointed as a management board member (the second paragraph of Article 222 in relation to the second paragraph of Article 259);

3. if it discloses the classified information referred to in the first paragraph of Article 177 to third parties, makes use of it itself or enables third parties to make use of it (the second paragraph of Article 177 in relation to the first paragraph of Article 225 and the second paragraph of Article 259);
4. if it fails to obtain the Agency's approval of its by-laws or operation regulations and/or of any amendments thereto (Article 264);

(2) A fine of between 250,000 and 500,000 SIT shall be imposed on the competent person of the clearing and depository house who commits the economic offence defined in the first paragraph hereunder.

(3) A fine of between 1,000,000 and 20,000,000 SIT shall be imposed on the clearing and depository house for an economic offence if it fails to inform the Agency about the fact and/or circumstance referred to in the first paragraph of Article 274 herein in accordance with the contents and method laid down in the regulation issued on the basis of the second paragraph of Article 274 herein (the first paragraph of Article 274).

(4) A fine of between 50,000 and 300,000 SIT shall be imposed on the competent person of the clearing and depository house who commits the economic offence defined in the third paragraph hereunder.

Violations of the prohibition against the use of inside information

Article 397

(1) A fine of between 10,000,000 and 100,000,000 SIT shall be imposed on the legal entity referred to in the first paragraph of Article 276 for an economic offence:

1. if it acquires securities or disposes of them on the basis of inside information (the first paragraph of Article 276);  

2. if it discloses inside information to third parties or recommends, on the basis of such information, to third persons to acquire or dispose of certain securities (the second paragraph of Article 276).

(2) A fine of between 250,000 and 500,000 SIT shall be imposed on the competent person of the legal entity referred to in the first paragraph hereunder who commits the economic offence defined in the first paragraph hereunder.

(3) A fine of between 250,000 and 500,000 SIT shall be imposed on the individual who commits the economic offence defined in the first paragraph of Article 276:

1. if he acquires securities or disposes of them on the basis of inside information (the first paragraph of Article 276);  

2. if he discloses inside information to third parties or recommends, on the basis of such information, to third persons to acquire or dispose of certain securities (the second paragraph of Article 276).

(4) A fine of between 1,000,000 and 20,000,000 SIT shall be imposed on the legal entity referred to in the third paragraph of Article 276 for an economic offence if it acquires securities or disposes of them on the basis of inside information.

(5) A fine of between 250,000 and 500,000 SIT shall be imposed on the competent person of the legal entity referred to in the third paragraph of Article 276 who commits the economic offence defined in the fourth paragraph hereunder.

(6) A fine of between 250,000 and 450,000 SIT shall be imposed on the individual defined in the first paragraph of Article 276 for an economic offence if he acquires securities or disposes of them on the basis of inside information.

Other violations

Article 398

(1) A fine of between 10,000,000 and 100,000,000 SIT shall be imposed on a legal entity for an
economic offence:

1. if it provides services with regard to securities without obtaining an authorisation to provide those services (the first paragraph of Article 76);

2. if it publishes advertisements whose subject is the provision of services with regard to securities (the first paragraph of Article 135);

3. if it organises trading in securities without obtaining an authorisation from the Agency to organise trading (the third paragraph of Article 213);

(2) A fine of between 250,000 and 500,000 SIT shall be imposed on the competent person of the legal entity who commits an economic offence defined in the first paragraph hereunder.

(3) A fine of between 250,000 and 500,000 SIT shall be imposed on the individual who commits an economic offence:

1. if he provides services with regard to securities (the first paragraph of Article 76);

2. if he publishes advertisements whose subject is the provision of services with regard to securities (the first paragraph of Article 135);

3. if he organises trading in securities (the third paragraph of Article 213).

(4) A fine of between 1,000,000 and 20,000,000 SIT shall be imposed on an auditing house for an economic offence if it fails to perform an audit to the extent defined in the regulation issued on the basis of the second paragraph of Article 192 herein and/or fails to compile the auditor’s report with the form and contents laid down in the said regulation (the first paragraph of Article 192).

(5) A fine of between 100,000 and 300,000 SIT shall be imposed on the competent person of the auditing house for the economic offence referred to in the fourth paragraph hereunder.

21. TRANSITIONAL AND FINAL PROVISIONS

The Agency

Article 399

(1) The Securities Market Agency, established pursuant to the Securities Market Act (Official Gazette of the RS, No, 6/94), shall continue with its operation as the Agency pursuant to this Act.

(2) The Agency shall harmonise its general acts with this Act no later than 6 months after the entry into force of this Act.

(3) The members and president of the council of experts appointed on the basis of the first paragraph of Article 155 of the Securities Market Act (Official Gazette of the RS, No, 6/94) and the director appointed on the basis of Article 156 of the said Act shall keep their functions until the expiry of their terms of office.

(4) Prior to the expiry of the terms of office referred to in the third paragraph hereunder, the members and president of the council of experts and the director may only be dismissed by the Government of the Republic of Slovenia and due to the reasons laid down in this Act.

(5) The terms of office of the members of the council of experts – representatives of the Bank of Slovenia, the ministry responsible for finance and the ministry responsible for economic relations and development – shall expire on the day of the appointment of the three new members of the council of experts.

(6) The minister responsible of finance shall be obliged, within one month, to propose to the Government of the Republic of Slovenia the appointment of the three members of the council of
experts to replace the members under the fifth paragraph hereunder. The Government of the Republic of Slovenia shall be obliged to decide on the appointment of the three members no later than one month after the receipt of the proposed appointment.

Procedures

Article 400

(1) The procedures on individual matters which are underway on the day of entering into force of this Act shall be terminated pursuant to this Act.

(2) Notwithstanding the provision of the first paragraph hereunder, the procedure of supervision of an authorised subject shall be terminated in accordance with the procedural provisions of the regulations applicable until the entering into force of this Act, if the Agency had issued the order initiating the procedure prior to the entering into force of this Act.

(3) Notwithstanding the provision of the first paragraph hereunder, the provisions of Articles 56 and 57 of the ZPre shall apply to adopting decisions with regard to individual takeovers, if the Agency had granted the authorisation of the takeover bid prior to the entering into force of this Act.

Publicly held companies

Article 401

The status of a publicly held company pursuant to this Act shall be given to the following issuers:

1. those which obtained an authorisation for the public offering of securities and/or secondary public offering of securities on the basis of the Securities Market Act (Official Gazette of the RS, No. 6/94);

2. those which, prior to the entering into force of the Securities Market Act (Official Gazette of the RS, No. 6/94), issued securities which are being traded on the organised market.

Harmonisation of stockbroking companies with the law

Article 402

(1) Stockbroking companies which obtained the Agency’s authorisation to provide services on the basis of the Securities Market Act (Official Gazette of the RS, No. 6/94) shall continue operating as stockbroking companies pursuant to this Act.

(2) The stockbroking companies referred to in the first paragraph hereunder shall be obliged, within one year of the entering into force of this Act, to:

1. harmonise shares with the first and third paragraphs of Article 81 herein, if they are organised as public limited companies;

2. ensure that the management board members obtain the Agency’s authorisation to assume the function of a management board member or appoint as management board members persons who have obtained such an authorisation;

3. harmonise their operation with other provisions of this Act, unless other deadlines are stipulated with regard to the harmonisation with individual provisions of Article 403 herein.

(3) The stockbroking companies referred to in the first paragraph hereunder shall be obliged, within one year of the entering into force of this Act, to submit to the Agency the report on the harmonisation referred to in the second paragraph hereunder. The report must also include:

1. the company agreement and/or by-laws in the form of an authenticated copy of the notarial attestation;
2. a copy of the shareholders’ register if the entity concerned is organised as a public limited company;

3. evidence on the harmonisations made.

(4) If a stockbroking company acts in contravention of the second and/or third paragraphs hereunder, the Agency may temporarily prohibit it from the provision of services with regard to securities and/or withdraw the authorisation.

Harmonisation with the rules on risk management

Article 403

(1) The stockbroking company referred to in the first paragraph of Article 402 herein shall be obliged to harmonise its operation with the provisions of chapter 6 of this Act no later than one year after the entering into force of this Act.

(2) The stockbroking company referred to in the first paragraph of Article 402 herein shall be obliged, within one year of the entering into force of this Act, to submit to the Agency the report on the harmonisation referred to in the first paragraph hereunder.

(3) If a stockbroking company acts in contravention of the first and/or second paragraphs hereunder, the Agency may temporarily prohibit it from the provision of services with regard to securities and/or withdraw the authorisation.

Harmonisation of the stock exchange and the clearing and depository house

Article 404

(1) The stock exchange and the clearing and depository house which obtained the Agency’s authorisation to provide services on the basis of the Securities Market Act (Official Gazette of the RS, No, 6/94) shall continue to operate as the stock exchange and/or the clearing and depository house pursuant to this Act.

(2) The stock exchange and/or the clearing and depository house referred to in the first paragraph hereunder shall be obliged, within six months of the entering into force of this Act, to:

1. harmonise shares with Article 219 and/or Article 262 herein;

2. ensure that the management board members obtain the Agency’s authorisation to assume the function of management board member or appoint as management board members persons who have obtained such an authorisation;

3. harmonise their operation and general acts with other provisions of this Act.

(3) The stock exchange and the clearing and/or depository house referred to in the first paragraph hereunder shall be obliged, within six months of the entering into force of this Act, to submit to the Agency the report on the harmonisation referred to in the second paragraph hereunder. The report must also include evidence on the harmonisation.

(4) Legal entities which, on the day of entering into force of this Act, provide services relating to organised trading in derivative financial instruments and/or the settlement of obligations arising from those operations shall be obliged, within one year the entry into force of this Act, to harmonise their operation with the provisions of this Act and file applications for authorisations relating to the performance of those services.

Shares issued on the basis of public offering

Article 405
(1) The provisions of this Act referring to the procedure of the public offering of securities shall apply as appropriate to the procedure of public offering of shares issued on the basis of the Act on Ownership Transformation of Companies (Official Gazette of the RS, Nos. 55/92, 7/93, 31/93, 32/94, 40/94) and to shares and issuers of those shares.

(2) Shares of the series issued by the issuer referred to in the first paragraph hereunder on the basis of other types of ownership restructuring shall adopt features of the securities for which the issuer obtained the authorisation for the initial public offering and/or organised trading, when restrictions to the transferability laid down in the regulations applying to the ownership restructuring of companies cease to apply.

(3) The provision of the second paragraph hereunder shall apply to those series of shares which, together with the shares issued on the basis of a public offering, constitute the same class.

(4) The provision of the second paragraph hereunder shall also apply to those shares which were issued prior to the procedure of ownership restructuring of the issuer and which, in terms of the rights attaching to them and their properties, are equal to the shares issued on the basis of a public offering.

(5) The issuer of shares referred to in the first paragraph hereunder shall be a publicly held company pursuant to this Act and the obligation to report referred to in chapter 4 herein shall apply to it.

Inclusion in organised trading

Article 406

(1) If shares of individual series issued by the issuer during the procedure of ownership restructuring have already been included on any of the organised markets, such trading shall also include shares of other series issued during the procedure of ownership restructuring when restrictions to the transferability laid down in the regulations applying to the ownership restructuring of companies cease to apply.

(2) The provision of the first paragraph hereunder shall apply to those series of shares which, together with the shares which have already been included in the trading on the organised market, constitute the same class.

(3) The provision of the first paragraph hereunder shall also apply to those shares which have already been included in the trading on the organised market and which, in terms of the rights attaching to them and their properties, are equal to the shares issued during the procedure of ownership restructuring.

Nullification of regulations

Article 407

(1) As of the day this Act enters into force, the following shall be nullified:

1. the Securities Market Act (Official Gazette of the RS, No, 6/94)

2. the second to eleventh paragraphs of Article 56, Article 57 and Article 66 of the ZPre;

3. the second to fourth paragraphs of Article 111, the first and second paragraphs of Article 112, the seventh paragraph of Article 122a, the third paragraph of Article 115, Article 117 and Articles 119 to 123 of the ZISDU.

(2) As of the day this Act enters into force, the regulations issued on the basis of the acts referred to in the first paragraph hereunder shall be nullified.

(3) Prior to the issuing of the regulations on the basis of this Act, the regulations referred to in the second paragraph hereunder shall apply as appropriate.
Issuing of regulations

Article 408

The Agency shall be obliged, within six months of the entry into force of this Act, to issue regulations based on this Act.

Commencement of application of individual provisions

Article 409

(1) The provisions of the third and fourth paragraphs of Article 46, the third and fourth paragraphs of Article 49, item 3 of the first paragraph of Article 75, the fifth paragraph of Article 82, Articles 96 to 99, Articles 101 to 104, item 2 of the third paragraph and item 1 of the fifth paragraph of Article 182, Articles 183 to 185, item 1 of the fourth paragraph of Article 229 and the fourth paragraph of Article 277 herein shall begin to apply on the day the Republic of Slovenia attains full membership of the European Union.

(2) Until the application of the provisions of the first paragraph hereunder:

1. the provision of the fourth paragraph of Article 83 herein shall apply to decisions regarding an authorisation to acquire qualifying holdings to be granted to a person of a Member State;

2. the provision of Article 100 herein shall apply to the provision of services with regard to securities by the stockbroking company with a head office in the Republic of Slovenia in the Member States;

3. the provisions of Articles 105 to 107 herein shall apply to the provision of services with regard to securities by Member States stockbroking in the Republic of Slovenia;

4. the provisions of point 3 of the third paragraph and point 2 of the fifth paragraph of Article 182 herein shall apply to the communication of information and the adopting of decisions with regard to the approvals of the supervisory authorities of the Member States;

(3) The provisions of chapter 16 herein shall enter into force on 1 January 2002.

Entry into force

Article 410

This Act shall enter into force on the fifteenth day after its publication in the Official Gazette of the Republic of Slovenia, unless otherwise stipulated in Article 408 of this Act.

No. 450-12/93-11/28

Ljubljana, on the day of 30th July 1999

President of the National Assembly of the Republic
Slovenia