

# Guidelines on disclosure for listed companies

Ljubljana, 19. avgust 2019



**LJUBLJANSKA BORZA**  
*LJUBLJANA Stock Exchange*

These Guidelines on Disclosure for Listed Companies dated 19 August 2019 were posted on the Ljubljana Stock Exchange website on 19 August 2019 and will enter into effect and use on 2 September 2019.



**\*All effort has been made to ensure the accuracy of this translation, which is based on the Slovene original. Translations of this kind may nevertheless be subject to a certain degree of linguistic discord; in case of doubt or misunderstanding, the Slovenian text, being the official version, shall thus prevail.**



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On the basis of the provisions of Article 34 of the Ljubljana Stock Exchange Inc. Articles of Association with respect to Articles 11 and 24 of the Ljubljana Stock Exchange Inc. Rules, the Ljubljana Stock Exchange Inc. Management Board adopted at its meeting on 19 August 2019 the following

## GUIDELINES ON DISCLOSURE FOR LISTED COMPANIES

### INTRODUCTION

Guidelines on Disclosure for Listed Companies (hereafter "Guidelines") have been drawn up by the Ljubljana Stock Exchange ("Exchange"), taking into account temporary legislation, Slovene and international best business practices, and similar guidelines effective in other EU Member States.

Guidelines define model corporate communication strategies, and are intended to help listed companies increase the level of their business transparency, and underline their visibility and openness, thus preventing information asymmetry. Guidelines lay down standards of public disclosure for companies listed on the LJSE Prime Market. It is expected that Prime Market companies will comply with the disclosure standards given in the Guidelines to the best of their abilities, which they committed to when listing on the LJSE top markets. Other public or private companies can also comply with the recommended standards if they wish to provide investors with quality, timely, useful and credible information.

The Exchange has encouraged listed companies to inform the investment public as much and in as timely a manner as possible, which consequently increases investors' confidence in companies and their listed securities. On the one hand, disclosure is the obligation of listed companies, while on the other it is their opportunity to build and sustain a sound and open relationship with the investment community, which may also be reflected in the prices of their securities. Listed companies that have a responsibility towards their shareholders and aim to interact with the wider investment and other expert community in an open manner should strive towards exceeding minimum disclosure requirements.

Analyses have shown that quality and timely information guarantee higher share prices and liquidity, which brings share prices close to their fair (intrinsic) value. To present disclosure requirements imposed on listed companies in a comprehensive manner, the Exchange Guidelines consist of:

- Summaries of the provisions from the relevant legislation governing disclosure of listed companies, which are given at the beginning of each section in italics. These summaries are but a brief overview of the relevant regulatory provisions, and serve informative purposes only. Companies should therefore carefully study the temporary legislation as given in official publications. Guidelines do not contain provisions from specific-field legislation applicable to individual companies (e.g. Banking Act), but draw on legislation governing disclosure of all public companies (e.g. Markets in Financial Instruments Act, Companies Act, Takeovers Act, relevant implementing regulations, EU regulations).
- Non-binding guidelines (wordings with »should«, »may«, »it is recommended that« are used).



Disclosure requirements that are binding for Prime Market companies under the Exchange Rules are marked especially and furnished with notes.

The latest version of the Guidelines is available on the Exchange website. Should the relevant legislation change, the Guidelines will be amended appropriately, and until the so amended Guidelines are made available, listed companies should comply with the provisions from the regulations in force from time to time. Companies should always be up-to-date with current legislative provisions.

The Exchange provides all its Prime Market companies with advice on disclosure and corporate communication pursuant to the Guidelines. Subject to agreement, this service is also available to LJSE Standard Market companies.



## 1. BEST PRACTICES OF DISCLOSURE

Chapter 1 presents the elementary corporate communication principles and refers to all areas of disclosure, which are given into more detail in the subsequent Chapters of the Guidelines.

### 1.1. Guidelines for effective corporate communication

The basic principles that ensure effective corporate communication are:

- ensuring uniform informing of the public,
- ensuring the publication of information in a manner that makes it quickly accessible on a non-discriminatory basis,
- ensuring quality, useful and credible information,
- ensuring the publication of all information on business operations, which could affect the price of a financial instrument.

Complying with basic disclosure guidelines will ensure that a company publishes its information in an appropriate and requisite manner. The company thus provides support to investors in helping them make informed investment decisions, as well as prevents information asymmetry and the possibility of insider dealing.

Companies should make sure their informing goes beyond formal requirements, keeping it clear and consistent through longer time horizons. It is a decidedly poor practice when disclosure methods depend on the current agenda or interest of the company's management (very clear and comprehensive reporting on selected inside information but only brief data lists on others). All other reasons causing non-compliance with elementary disclosure guidelines, such as e.g. a specific ownership structure (majority ownership), are likewise considered negative deviations. Even in situations like those the management is obliged to consistently comply with all the rules applicable to public joint stock companies. None of such situations cannot and does not constitute a cause for any company to treat its shareholders unequally with respect to its disclosure practices.

At the core of disclosure of any company is its so-called equity story, a clear outline of its corporate strategy, current position, plans, objectives. This is what investors weigh their investment decisions against. The Exchange recommends that companies clearly present their corporate strategies, as this will help all its activities (e.g. investments, disinvestments, acquisitions, capital increases) to be understood and evaluated correctly.

### 1.2. Ensuring effective corporate communication

#### 1.2.1. Reporting and disclosure regulations

In Slovenia, the chief regulations from the field are:

- Financial Instruments Market Act (Ur. list RS No 77/18 and 17/19 – amended; hereafter "ZTFI-1"; includes all relevant EU disclosure directives);
- Companies Act (Ur. list RS1, No 65/09 – UPB3 amendments, 33/11, 91/11, 33/12 and 57/12; hereafter

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<sup>1</sup> Ur. list RS is the official journal of the Republic of Slovenia.



- "ZGD-1"), Takeovers Act (Ur. list RS, No 79/06, 1/08, 68/08, 10/12 and 38/12; hereafter "ZPre-1"),
- Regulations implementing ZTFI-1, mainly:
    - Decision regulating the implementation of regulated information disclosure obligation,
    - Resolution on notification on major holdings,
    - Resolution on holders of securities traded on the regulated market exercising their rights,
    - Resolution on submission of and access to regulated information,
    - Resolution on special rules for disclosure of regulated information in case of third country entities,
    - Decision on detailed rules for reporting on the selection of a home Member State as regards the obligation to disclose regulated information;
  - EU regulations which apply directly:
    - Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (hereinafter: Regulation MAR);
    - Commission Implementing Regulation (EU) 2016/1055 of 29 June 2016 laying down implementing technical standards with regard to the technical means for appropriate public disclosure of inside information and for delaying the public disclosure of inside information in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council (hereafter: Commission Implementing Regulation 2016/1055);
    - Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures;
    - Commission Implementing Regulation (EU) 2016/347 of 10 March 2016 laying down implementing technical standards with regard to the precise format of insider lists and for updating insider lists in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council;
    - Commission Delegated Regulation (EU) 2016/522 of 17 December 2015 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council as regards an exemption for certain third countries public bodies and central banks, the indicators of market manipulation, the disclosure thresholds, the competent authority for notifications of delays, the permission for trading during closed periods and types of notifiable managers' transactions;
  - Ljubljana Stock Exchange Rules (clean copy as at 1 July 2019; hereafter "Rules");
  - Ljubljana Stock Exchange Instructions for Stock Exchange Market Issuers (published on the Exchange website [www.ljse.si](http://www.ljse.si)); and
  - Slovenian Corporate Governance Code for Joint Stock Companies ([www.ljse.si](http://www.ljse.si)).

### 1.2.2. Content and types of publications

*A notice of regulated information must contain all the data that enable an investor to assess the public company's position (hereafter: public company or issuer) and estimate the effect of regulated information on the price of its financial instrument.*

*Unless specified otherwise by a special regulation, a notice of regulated information must contain predominantly the following data:*

- issuer firm and registered address,
- title of the notice,
- ZTFI-1 Article which the publication of regulated information refers to and Regulation MAR Article which public disclosure or delaying the public disclosure of inside information refer to.



- *time of the event that initiated the publication of regulated information,*
- *detailed description of the business event that initiated the publication of regulated information,*
- *indication of the start and end dates of when the information with characteristics of inside information, which is contained in the notice, will be published on the issuer's official website.*

*(Article 3 of the Decision regulating the implementation of regulated information disclosure obligation)*

Types of publications (inside information, regulated information, other information) are stipulated by the regulations governing the areas reporting and disclosure, which is given in more detail further on in the Guidelines.

### **1.2.3. Publication venue and manner of publishing regulated information**

#### ***Eligible publication venue***

*The publication venue for regulated information is a »medium that guarantees with sufficient reliability that information will be disseminated to the public across the entire EU territory« (Article 158 of ZTFI-1).*

*The issuer must make regulated information available "as soon as possible and at the latest within the deadlines prescribed by the ZTFI-1 for an individual type of regulated information or prescribed by Article 17 of the Regulation MAR, and on its basis adopted Commission Implementing Regulation (EU) 1055/2016 about the implementation of technical standards with regard to the technical means for appropriate public disclosure of inside information and for delaying the public disclosure of inside information in accordance with Regulation MAR, for inside information in a manner that ensures the public quick access to this information on a non-discriminatory basis". (Article 4 of Decision regulating the implementation of regulated information disclosure obligation)*

*Should the issuer be obliged, under other regulations, to publish notices of regulated information from ZTFI-1 or inside information from Regulation MAR in a manner stipulated in other regulations, it must, "in the manner from Article 4 of the Resolution, make public at least the title of the notice and the venue and time of its publication". (Article 5 of the Decision regulating the implementation of regulated information disclosure obligation)*

#### ***Selecting and revealing the publication venue***

*On the day it obtains the status of a public company or at least one day prior to the beginning of trading, the issuer must reveal its publication venue and notify thereof the Slovene Securities Market Agency (Agency). This notice must be published in the manner in which the issuer intends to publish its notices on regulated information.*

*The issuer intending to change its publication venue must post a notice on this in the primary manner before it begins making publications in the changed manner. This notice on the changed publication venue must be published in the manner in which the issuer publishes its notices on regulated information. (Article 6 of the Decision regulating the implementation of regulated information disclosure obligation)*



### **Access to regulated information**

*The issuer must:*

- *publish the regulated information in a manner that enables quick access to such information on a non-discriminatory basis, and*
- *submit the regulated information to the system for central storage of regulated information referred to in Article 159 of ZTFI-1 (Article 158 of ZTFI-1).*

### **Disclosure of inside information on websites**

*The issuer shall post and maintain on its website for a period of at least five years, all inside information it is required to disclose publicly. (Article 17 (1) of Regulation MAR).*

### **Manner of publication**

*In publishing regulated information, the issuer must make sure investors are not put into unequal situations during trading hours when its financial instrument is traded. (Article 5 of the Decision regulating the implementation of regulated information disclosure obligation)*

*Public companies may not charge investors for public announcements or for submitting regulated information into the central storage of regulated information. (Article 158 of ZTFI-1)*

*When a public company publishes regulated information, it must simultaneously provide the same announcement to the Agency and the Exchange, and notify them of the manner of the respective publication. (Article 155 and 398 of ZTFI-1)*

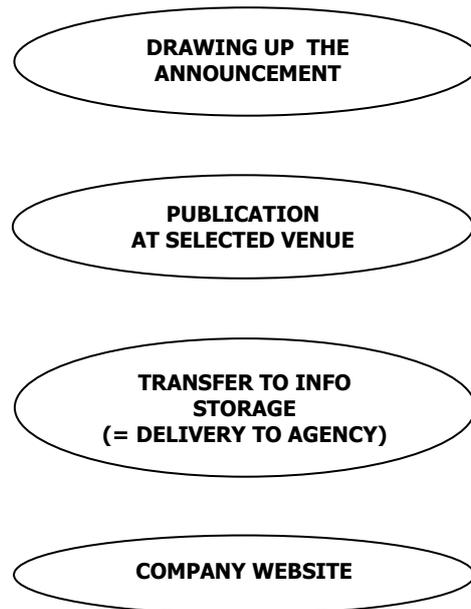
*Technical solutions for appropriate public disclosure of inside information are in more detail determined in the Commission Implementing Regulation 2016/1055.*

A company should therefore always publish regulated information in the selected medium for company announcements first, and then make it publicly available on its website. This meets the first two requirements of informing all public groups (uniform and non-discriminatory treatment of major and minor shareholders, external and internal shareholders, domestic and international shareholders, investors, and the remaining public).

After publication the company may further launch the respective regulated information in the form of a comment or press statement, or hold a press conference. If a piece of information is released for the first time at a press conference, companies should follow the guidelines under 1.2.7.

The company should lay down in its statutes the publication venue where it intends to publish all information on its business operations.

The basic publication procedure should be as follows:



#### 1.2.4. Publication time for regulated information

##### **Publication time**

*An issuer shall inform the public as soon as possible of inside information which directly concerns that issuer (Article 17 of Regulation MAR).*

*The issuer must make regulated information available "as soon as possible and at the latest within the deadlines prescribed by the ZTFI-1 for an individual type of regulated information or prescribed by Article 17 of the Regulation MAR, and on its basis adopted Commission Implementing Regulation (EU) 1055/2016 about the implementation of technical standards with regard to the technical means for appropriate public disclosure of inside information and for delaying the public disclosure of inside information in accordance with Regulation MAR, for inside information in a manner that ensures the public quick access to this information on a non-discriminatory basis". (Article 4 of Decision regulating the implementation of regulated information disclosure obligation).*

##### **Disclosure to a third person**

*Where disclosure of inside information has been delayed in accordance with Article 17 (4, 5) of Regulation MAR **and the confidentiality of that inside information is no longer ensured**, the issuer or the emission allowance market participant **shall disclose that inside information to the public as soon as possible**.*

*This paragraph includes situations where a rumour explicitly relates to inside information the disclosure of which has been delayed in accordance with Article 17 (4, 5) of Regulation MAR, where that rumour is sufficiently accurate to indicate that the confidentiality of that information is no longer ensured. (Article 17 (7) of Regulation MAR).*

To ensure timely disclosure of information, the company must, *inter alia*:



- *publish announcements in an appropriate manner immediately upon the occurrence of a business event (except in the case of postponed immediate publication pursuant to regulations; details under 1.2.5.);*
- *publish all periodical announcements as soon as possible or not later than within the time frames stipulated by respective regulations.*

In posting announcements the company must adjust to the **time of stock market trading**. The Exchange recommends that the following guidelines be followed regarding the time of publication depending on the type of information:

**OUTSIDE LJUBLJANA STOCK EXCHANGE TRADING TIME (8.15–9.15 and 15.01–16.00):** All inside and regulated information, especially periodic announcements and other information known in advance.

**DURING LJUBLJANA STOCK EXCHANGE TRADING TIME (9.15–15.01):** Considering statutory provisions regarding the protection of confidentiality and complying with the "as soon as possible" disclosure commitment, all information apart from periodic announcements and other key information that the issuer draws up over a period of time (not momentarily) and can be publicly disclosed at a time selected in advance.

**AFTERNOON AND EVENING (15.01–22.00):** Urgent inside information of the current day (e.g. resolutions adopted at a supervisory board meeting or AGM, and similar).



Type of information	Example of announcement	Recommended time of publication	
<b>CURRENT REGULATED INFORMATION</b>			
<b>Inside information generated in the company during the day</b>	<ul style="list-style-type: none"> <li>• Business interruption, significant change in core business, new products</li> <li>• Changes in the management board or supervisory board</li> <li>• Significant (dis)investments</li> <li>• Important legal proceedings, signed contracts</li> <li>• Forecasts of financial results, preliminary operations results, changed credit ratings</li> <li>• All announcements by non-issuers</li> <li>• Business news, e.g. attending a road show</li> </ul>	Any time (immediately upon occurrence)	
<b>PERIODIC REGULATED INFORMATION</b>			
<b>Annual financial and audit reports</b> <b>Half-year financial and audit reports / limited audits</b> <b>Government payments</b>		Outside trading time, but not between 16.00 and 22.00.	
<b>OTHER CURRENT REGULATED INFORMATION FOR WHICH TIME OF PUBLICATION CAN BE SELECTED IN ADVANCE</b>			
<b>Inside information</b>	<b>Prospectus</b>	<ul style="list-style-type: none"> <li>• Listing prospectus, takeover prospectus</li> </ul>	Outside trading time (8.15–9.15 AND 15.01–16.00):
	<b>Takeover bids and corporate actions</b>	<ul style="list-style-type: none"> <li>• Takeover bid, management board opinion</li> <li>• Merger, division, restructuring</li> <li>• Capital increase</li> </ul>	
	<b>New securities issues</b>	<ul style="list-style-type: none"> <li>• New issue of serial securities, recall of securities</li> <li>• Issue of pre-emptive right to subscribe to new securities issue</li> </ul>	
	<b>AGM</b>	<ul style="list-style-type: none"> <li>• Convocation of AGM, dividend amount, dividend payment</li> </ul>	
	<b>AGM</b>	<ul style="list-style-type: none"> <li>• AGM resolutions, challenging actions</li> </ul>	Any time (immediately upon occurrence)
<b>INFORMATION THAT NOT DOES NOT AFFECT ONGOING STOCK MARKET TRADING</b>			
<b>Annual financial and audit reports</b>	<b>Statement of compliance with the Corporate Governance Code</b>	Any time	
<b>Inside information</b>	<b>Financial Calendar</b>		
<b>Acquisition and disposal of its own shares</b>			
<b>Home Member State</b>			
<b>Information on major holdings</b>			
<b>Total number of voting rights and equity value</b>			
<b>Changes in rights of different classes of shares or securities</b>			

**AT NIGHT, DURING HOLIDAYS and WEEKENDS (between 22:00 – 8:14; and 24 hours during holidays and weekends):** Only urgent inside information of the current day which exceptionally could not be published in accordance with the above publication time guidelines due to the time of their occurrence or special circumstances.



It is recommended that **information be released into the public gradually**, disclosing data as it becomes available (a short notice first, a more detailed one later).

If a listed company is unable to make a public announcement as required (at the selected publication venue), it should release a uniform news statement to the media and also publish the information at the selected publication venue as soon as possible. In this way the company is making its best effort to ensure that newspapers and other media sum up the respective information correctly during that and the following day, which ensures that the wide public is not misled by contradictory statements and speculations posted by different media. The Exchange hereby stresses that such a solution may only be applied exceptionally and cannot set a general guideline for disclosure; it may only be resorted to in cases when companies are unable to ensure that publication be made (e.g. publication venue is unavailable).

Considering the recommended time of publication depending on the type of information, the Exchange recommends that regulated information be published at the appropriate business hours (preferably until 4 p.m.) in order to ensure that the investment public has enough time to acquaint themselves with the price sensitive content of the publication and to reach appropriate and informed investment decisions. Only urgent/critical internal information of the current day which could not be provided before (i.e. resolutions of a finished supervisory board meeting which are not periodic information, resolutions of a general meeting of shareholders, and similar) may be published after 4 p.m. and without an editor's confirmation, and the publication must not be delayed until late evening hours but must be provided as soon as possible after the conclusion of the meeting.

**If securities are also traded on other regulated markets** and not only on the stock exchange market, the Exchange recommends that recommendations regarding the time of publication are followed.

If publication venue provides for a 24 hours a day and 7 days a week publication, the Exchange recommends that only urgent internal information which has arisen during this time and publication of which cannot wait for purposes of equal information of investors or could not be ensured for objective reasons within the recommended publication time is published at night and during weekends or holidays.

### **1.2.5. Delay of disclosure of inside information**

#### **1.2.5.1. General conditions for delaying disclosure**

##### *Conditions for delaying disclosure of inside information*

*An issuer or an emission allowance market participant, may, on its own responsibility, delay disclosure to the public of inside information provided that all of the following conditions are met:*

- a) immediate disclosure is likely to prejudice the legitimate interests of the issuer or emission allowance market participant;*
- b) delay of disclosure is not likely to mislead the public;*
- c) the issuer or emission allowance market participant is able to ensure the confidentiality of that information.*

*In the case of a protracted process that occurs in stages and that is intended to bring about, or that results in, a particular circumstance or a particular event, an issuer or an emission allowance market participant*



*may on its own responsibility delay the public disclosure of inside information relating to this process, subject to points (a), (b) and (c) above.*

*(Article 17 (4) of Regulation MAR)*

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## **ESMA Guidelines on implementing Regulation MAR regarding the delay in the disclosure of inside information as of 20 October 2016<sup>2</sup>**

For the purposes of point (a) of Article 17(4) of MAR, the cases where immediate disclosure of the inside information is likely to prejudice the issuers' legitimate interests could include but are not limited to the following circumstances:

- the issuer is conducting negotiations, where the outcome of such negotiations would likely be jeopardised by immediate public disclosure. Examples of such negotiations may be those related to mergers, acquisitions, splits and spin-offs, purchases or disposals of major assets or branches of corporate activity, restructurings and reorganisations;
- the financial viability of the issuer is in grave and imminent danger, although not within the scope of the applicable insolvency law, and immediate public disclosure of the inside information would seriously prejudice the interests of existing and potential shareholders by jeopardising the conclusion of the negotiations designed to ensure the financial recovery of the issuer;
- the inside information relates to decisions taken or contracts entered into by the management body of an issuer which need, pursuant to national law or the issuer's bylaws, the approval of another body of the issuer, other than the shareholders' general assembly, in order to become effective, provided that:
  - immediate public disclosure of that information before such a definitive decision would jeopardise the correct assessment of the information by the public; and
  - the issuer arranged for the definitive decision to be taken as soon as possible.
- the issuer has developed a product or an invention and the immediate public disclosure of that information is likely to jeopardise the intellectual property rights of the issuer;
- the issuer is planning to buy or sell a major holding in another entity and the disclosure of such an information would likely jeopardise the implementation of such plan;
- a transaction previously announced is subject to a public authority's approval, and such approval is conditional upon additional requirements, where the immediate disclosure of those requirements will likely affect the ability for the issuer to meet them and therefore prevent the final success of the deal or transaction.

For the purposes of point (b) of Article 17(4) of MAR, the situations in which delay of disclosure of inside information is likely to mislead the public includes at least the following circumstances:

- the inside information whose disclosure the issuer intends to delay is materially different from the previous public announcement of the issuer on the matter to which the inside information refers to; or
- the inside information whose disclosure the issuer intends to delay regards the fact that the issuer's financial objectives are not likely to be met, where such objectives were previously publicly announced; or
- the inside information whose disclosure the issuer intends to delay is in contrast with the market's expectations, where such expectations are based on signals that the issuer has previously sent to the market, such as interviews, roadshows or any other type of communication organized by the issuer or

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<sup>2</sup> [https://www.esma.europa.eu/sites/default/files/library/2016-1478\\_mar\\_guidelines\\_-\\_legitimate\\_interests.pdf](https://www.esma.europa.eu/sites/default/files/library/2016-1478_mar_guidelines_-_legitimate_interests.pdf)



with its approval.

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*Where an issuer or emission allowance market participant has delayed the disclosure of inside information under Article 17 (4) of Regulation MAR<sup>3</sup>, it shall inform the competent authority specified under Article 17 (3) of Regulation MAR that disclosure of the information was delayed and shall provide a written explanation of how the conditions set out in this paragraph were met, immediately after the information is disclosed to the public. Alternatively, Member States may provide that a record of such an explanation is to be provided only upon the request of the competent authority specified under Article 17 (3) of Regulation MAR (Article 17 (4) of Regulation MAR).*

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*In the event of delaying the public disclosure of inside information in accordance with Article 17(4) of Regulation MAR, issuers and emission allowance market participants shall use technical means to ensure preservation of key information on the procedure for delaying public disclosure of inside information in such a way that issuers and emission allowance market participants can fulfil their obligations with regards to notification of competent authorities.*

*The key information, the maintenance of which issuers must provide in case of the delay of public disclosure of inside information and the manner of informing the competent authority is stipulated under Article 4 of Commission Implementing Regulation (EU) 2016/1055.*

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## **Maintenance of key information in the event of delaying the public disclosure of inside information**

*For the purpose of delaying the public disclosure of inside information in accordance with the third subparagraph of Article 17(4) of Regulation MAR, issuers and emission allowance market participants shall use technical means that ensure the accessibility, readability, and maintenance in a durable medium of the following information:*

- a) the dates and times when:
  - i. the inside information first existed within the issuer or the emission allowance market participant;*
  - ii. the decision to delay the disclosure of inside information was made;*
  - iii. the issuer or emission allowance market participant is likely to disclose the inside information;**

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<sup>3</sup> In accordance with Article 6 of Commission Delegated Regulation (EU) 2016/522 of 17 December 2015 the competent authority to which an issuer of financial instruments must notify the delay in disclosing inside information according to Article 17(4) and (5) of Regulation MAR shall be the competent authority of the Member State where the issuer is registered in any of the following cases:

- a) if and as long as the issuer has equity securities which are admitted to trading or traded with its consent, or for which the issuer has requested admission to trading, on a trading venue in the Member State where the issuer is registered;
- b) (b) if and as long as the issuer does not have equity securities which are admitted to trading or traded with its consent, or for which the issuer has requested admission to trading, on a trading venue in any Member State, provided that the issuer has any other financial instruments which are admitted to trading or traded with its consent, or for which the issuer has requested admission to trading, on a trading venue in the Member State where the issuer is registered.



- b) *the identity of the persons within the issuer or emission allowance market participant responsible for:*
  - i. *making the decision to delay disclosure and deciding on the start of the delay and its likely end;*
  - ii. *ensuring the ongoing monitoring of the conditions for the delay;*
  - iii. *making the decision to publicly disclose the inside information;*
  - iv. *providing the requested information about the delay and the written explanation to the competent authority;*
- c) *evidence of the initial fulfilment of the conditions referred to in Article 17(4) of Regulation (EU) No 596/2014, and of any change of this fulfilment during the delay period, including:*
  - i. *the information barriers which have been put in place internally and with regard to third parties to prevent access to inside information by persons other than those who require it for the normal exercise of their employment, profession or duties within the issuer or emission allowance market participant;*
  - ii. *the arrangements put in place to disclose the relevant inside information as soon as possible where the confidentiality is no longer ensured.*

*(Article 4 (1) of Commission Implementing Regulation (EU) 2016/1055)*

#### **1.2.5.2. Delaying disclosure in order to preserve the stability of the financial system**

##### **Conditions for delaying disclosure in order to preserve the stability of the financial system**

In order to preserve the stability of the financial system, an issuer that is a credit institution or a financial institution, may, on its own responsibility, delay the public disclosure of inside information, including information which is related to a temporary liquidity problem and, in particular, the need to receive temporary liquidity assistance from a central bank or lender of last resort, provided that all of the following conditions are met:

- a) the disclosure of the inside information entails a risk of undermining the financial stability of the issuer and of the financial system;
- b) it is in the public interest to delay the disclosure;
- c) the confidentiality of that information can be ensured; and
- d) the competent authority specified under paragraph 3 has consented to the delay on the basis that the conditions in points (a), (b) and (c) are met.

(Article 17 (5) of Regulation MAR)

For the purposes of points (a) to (d) of Article 17 (5) of Regulation MAR, an issuer shall notify the competent authority specified under Article 17 (3) of Regulation MAR of its intention to delay the disclosure of the inside information and provide evidence that the conditions set out in points (a), (b) and (c) of Article 17 (5) of Regulation MAR are met. The competent authority specified under Article 17 (3) of Regulation MAR shall consult, as appropriate, the national central bank or the macro-prudential authority, where instituted, or, alternatively, the following authorities:

- a) where the issuer is a credit institution or an investment firm the authority designated in accordance with Article 133(1) of Directive 2013/36/EU of the European Parliament and of the Council (25)
- b) in cases other than those referred to in point (a), any other national authority responsible for the supervision of the issuer.

The competent authority specified under Article 17 (3) of Regulation MAR shall ensure that disclosure of



the inside information is delayed only for a period as is necessary in the public interest. The competent authority specified under Article 17 (3) of Regulation MAR shall evaluate at least on a weekly basis whether the conditions set out in points (a), (b) and (c) of Article 17 (5) of Regulation MAR are still met.

If the competent authority specified under Article 17 (3) of Regulation MAR does not consent to the delay of disclosure of the inside information, the issuer shall disclose the inside information immediately.

This paragraph shall apply to cases where the issuer does not decide to delay the disclosure of inside information in accordance with Article 17 (4) of Regulation MAR (Article 17 (6) of Regulation MAR).

The manner of notification of intention to delay the disclosure of inside information in order to preserve the stability of the financial system is determined in more detail in Article 5 of Commission Implementing Regulation (EU) 2016/1055.

### **Obligation of disclosure**

Where disclosure of inside information has been delayed in accordance with Article 17 (4, 5) of Regulation MAR and **the confidentiality of that inside information is no longer ensured**, the issuer or the emission allowance market participant **shall disclose that inside information to the public as soon as possible**.

This paragraph includes situations where a rumour explicitly relates to inside information the disclosure of which has been delayed in accordance with Article 17 (4, 5) of Regulation MAR, where that rumour is sufficiently accurate to indicate that the confidentiality of that information is no longer ensured (Article 17 (7) of Regulation MAR).

Where an issuer or an emission allowance market participant, or a person acting on their behalf or for their account, discloses any inside information to any third party in the normal course of the exercise of an employment, profession or duties as referred to in Article 10(1) of Regulation MAR, they must make complete and effective public disclosure of that information, simultaneously in the case of an intentional disclosure, and promptly in the case of a non-intentional disclosure. This paragraph shall not apply if the person receiving the information owes a duty of confidentiality, regardless of whether such duty is based on a law, on regulations, on articles of association, or on a contract (Article 17 (8) of Regulation MAR).

In case of a postponed publication of inside information, the Exchange recommends that the listed company prepare a press release or take other action in advance to facilitate prompt informing of the public in case it is later no longer able to keep the relevant information confidential.

### **1.2.6. Suspension of trading at the company's request**

A temporary suspension of trading is a serious intervention into the stock market and shall be applied only exceptionally. A company may ask for it when, *inter alia*, it is unable to ensure uniform informing of the public, and thereby prevent insider dealings and information asymmetry.

Such a suspension should last one trading day at most, unless the circumstances of a case demand a longer suspension. Trading will usually resume in the same trading day, before which the listed company shall provide for proper informing of the public. At least 30 minutes must pass between the moment of publication and resumption of trading, so as to ensure uniform informing of the public and allow member firms to



manage their orders.

The application for a suspension of trading is well-grounded in the presence of circumstances that call for the protection of investor interests, especially in the following cases:

- a business event or circumstance occurred during the listed company's business operations that is not known to the wide public and that could affect the price of its security, and the company has been unable to inform the public of the specific event or circumstance in due time;
- the company wishes to confirm or overthrow media reports on events or circumstances that could have a substantial effect on its business operations, and has been unable to inform the public in due time;
- an important business event is about to occur during trading hours (e.g. the signing/cancellation of a contract, takeover activities) and the company will not be able to ensure confidentiality of the relevant information before it is properly publicly disclosed.

The Exchange considers that an AGM convening does not constitute reason for a suspension of trading, provided that the company has duly informed the public in advance. With fair informing of the public, a press conference or another form of public address during trading hours is likewise not considered a reason for a suspension of trading. For a detailed discussion see 1.2.7.

Listed companies may ask for a temporary suspension of trading also due to uncertain conditions regarding insolvency proceedings (more in point 1.2.8).

### **1.2.7. Press conference**

The Exchange is familiar with the temporal and objective constraints imposed on listed companies in organising press events, especially when a piece of key information is released there for the first time. Companies listed on several markets are, for instance, bound to comply with the trading times of all markets where their shares are traded, and therefore have to make sure that all their shareholders in different markets are in an equal position on the day of disclosure.

The Exchange therefore recommends that the following guidelines be followed when holding a press conference during trading time if a key piece of e.g. periodic information is to be disclosed there:

- In advance of the press conference (not later than in the morning of the day it is scheduled) the company should inform the public about the time of the event and time of the first public announcement.
- The relevant information should be kept confidential until the conference starts and a public announcement is made.
- The information should be publicly released (in the requisite manner) only upon the beginning of the press event (at e.g. 10.00).

### **1.2.8. Insolvency and compulsory winding-up proceedings**

The status of insolvency and all facts and circumstances related to this status have important consequences for the position of investors. In order to prevent the potential asymmetry of information of different stakeholders in these proceedings (such as for example creditors, court, investors, etc.), issuers must ensure uniform informing through proper public disclosure at the selected publication venue.



Alone the fact that circumstances for the initiation of the insolvency proceedings have occurred influences the status of the issuer (i.e. compulsory settlement proceeding, simplified proceeding of compulsory settlement, bankruptcy proceeding). Hence, **issuers must publish information that the company has become insolvent** prior to the start of the insolvency proceeding and immediately after the management established this fact and the supervisory board of the company of the issuer was informed. The Exchange recommends that the issuers at the same time also disclose the proposed measures of financial restructuring or other consequences which arise from the established insolvency. In the event that the proposal for the initiation of compulsory settlement proceedings was submitted by creditors (creditors' proposal), the issuer is required to publish this information immediately after the management is made aware of this fact. When an agreement of financial restructuring is concluded in relation to the preventive restructuring proceeding, the issuer is required to disclose this fact upon the conclusion of the said agreement.

After the public announcement about the insolvency of the company of the issuer, the issuer is required to currently and publicly publish all relevant information related to the issuer, and information which can affect the content of the rights arising from securities listed on the stock exchange market. The Exchange recommends that issuers in particular publish the following information:

- Submission of a proposal for the initiation of insolvency proceedings;
- A court decision on the initiation of insolvency proceedings;
- Proposed and adopted measures of financial restructuring;
- Anticipated changes in share capital;
- Alternative proposal for compulsory settlement by debt-to-equity conversion;
- The outcome of negotiations with creditors;
- Consequences of adopted measures, etc.

Issuers in insolvency proceedings are required to **immediately publish** all relevant information which the court publishes on AJPES in accordance with ZFPPIPP also in the manner stipulated by ZTFI for publishing of regulated information, i.e. **at the selected publication venue**.

The mere fact that the company of the issuer is in a compulsory settlement proceeding or in a preventive restructuring proceeding does not mean that their securities cannot be traded on a stock exchange market. Naturally taking into account the fact that the issuer promptly informs about the progress of this proceeding and that key information about the content of the rights arising from issuer's securities are available to investors on the basis of which investors can reach their investment decisions. In this case, primarily the interests of potential new investors, who would enter into a relationship with the issuer by buying the securities, are considered.

If an issuer assesses that uncertain circumstances have occurred which caused public speculation regarding further operation of the company, the issuer must submit to the Exchange an application for a suspension of trading. Issuers may submit an application for a suspension of trading also in the event that they cannot ensure uniform informing. Temporary suspension can last up until the uncertain situation of investors is clarified.

It is different when a bankruptcy proceeding is initiated against a listed company. From that moment onwards trading with the shares of the listed company on a stock exchange market is no longer possible. Hence **the issuer must submit to the Exchange an application for a temporary suspension of trading at the latest upon the submission of a proposal for the initiation of the bankruptcy proceeding to the court. The temporary suspension lasts until shares are delisted from the stock exchange market**. However, if there are grounds for a temporary suspension of trading earlier (i.e.



due to: public speculation about the listed company's further operation, uncertain situation of investors, uncertain status of the listed company's securities), the listed company must submit the application for a temporary suspension already at the time of occurrence of these grounds. The Exchange decides on the delisting of shares from the stock exchange market on the basis of a filed application by an administrator in bankruptcy for delisting of shares from the stock exchange market or on the basis of KDD's decision on deletion of shares from the register of dematerialised securities.

Mutatis mutandis the same obligations and recommendation also apply to issuers in compulsory winding-up proceedings, such as:

- Deletion from the register of companies without liquidation and
- Compulsory liquidation.

### 1.2.9. Company organization

The key to a company's effective corporate communication is a well-defined function of its corporate communication and the company's internal organization. The Exchange recommends:

- Companies should clearly define various interest groups, and the objectives as well as strategies of communication and cooperation with them (i.e. investors, creditors, suppliers, buyers, media, analysts, government bodies, local community, employees).
- Companies should select authorized persons to communicate with investors and the public (it is recommended that internal procedures be organized by members of the management board, CFOs or IR officers). The Exchange recommends that PR and IR services be organised centrally. It is efficient and investor friendly if companies appoint a single contact person (one telephone number, one e-mail address).
- Companies should bear in mind that their most important representatives in public are the management, whose public appearances, approach to shareholders and openness are therefore of key importance. It is worth remembering that the management's sitting on the supervisory boards of several third, disassociated, companies and various sports and other organisations can raise doubts over their capacity to perform their core function (run the company) well.
- Companies should clearly delineate the internal information flow and set up internal controls over inside information from their source to publication, and ensure protection of confidentiality.
- Companies should define the content and procedures of communicating with the public (e.g. timely disclosure through public announcements, publications, press conferences, corporate websites, providing materials, open doors day for the local community).

## 2. REGULATED INFORMATION

*Regulated information is every piece of information that the public company or another person that requested admission of securities to trading on a regulated market without the consent of the public company must disclose:*

- *pursuant to Chapter 3 of ZTFI-1,*
- *as inside information pursuant to Article 17 of Regulation MAR, or*
- *pursuant to the regulations of another Member State adopted on the basis of the transposition of Directive 2004/109/EC into the legislation of that Member State or on the basis of Article 3, par. 1 of Directive 2004/109/EC. (Article 130 of ZTFI-1)*



Regarding the obligation to disclose inside information also provisions of Article 17 of Regulation MAR must be observed.

*Regulated information from Article 130 of ZTFI-1 is especially:*

- *annual report and auditor's report, pursuant to Article 134 of ZTFI-1;*
- *adoption of annual report, pursuant to Article 135 of ZTFI-1;*
- *half-year report, pursuant to Articles 136 and 137 of ZTFI-1;*
- *consolidated report on payments to governments from Article 138 of ZTFI-1*
- *any change in a major holding, of which the company was informed by a shareholder, securities holder or a reporting entity, from Articles 141, 142, and 143 of ZTFI-1;*
- *information on the amount of own shares, pursuant to Article 148 of ZTFI-1;*
- *changes to the total number of shares with voting rights, pursuant to Article 149 of ZTFI-1;*
- *changes in the content of rights from securities, pursuant to Article 151 of ZTFI-1;*
- *inside information, under Article 7 of Regulation MAR.*

*(Article 8 of the Decision regulating the implementation of regulated information disclosure obligation)*

Inside information as an umbrella term includes not only inside information (ad hoc disclosure) but also periodic information on the company's annual and interim operations, information on general meetings, changes in major holdings, etc. Below is a description of regulated information from various areas, and a separate section dealing with inside information.

## 2.1. Periodic disclosure

Expedient and relevant information releases on the company's operations are the key to investor confidence and the company's public visibility. Listed companies should work closely with their supervisory boards to find an efficient method of reviewing relevant reports at supervisory board meetings in manner facilitating expedient public disclosure.

The Exchange recommends that in communicating with analysts, investors and the press regarding their results, companies use the »silent period« system, explained into detail under 8.2.

Companies are advised to publish their results in user-friendly formats (fast search, data comparison, etc.). Annual and interim reports should be stripped of irrelevant text, marketing photographs limited in number.

It is also generally recommended that simultaneously with releasing periodic reports companies publish a summary statement with only the main financials. This gives the public quick access to all crucial information, which can be analysed into detail later looking at the reports.

Analysts also appreciate companies informing about problems and "bad news". As this sort of information usually does not come as a surprise to the informed public, evasions and cover-up attempts are highly inappropriate.

### 2.1.1. Annual report

#### ***Application of ZGD-1 and EU directives to the annual report and the auditor's report***



*If a public company has its registered office in the Republic of Slovenia, its annual and consolidated annual report as well as the auditor's report, which it publishes pursuant to Section 3.2 of ZTFI-1, are drawn up pursuant to Chapter 8 of Part I of ZDG-1.*

*If a public company has its registered office in another Member State or a third country, its annual and consolidated annual report as well as the auditor's report, which it publishes pursuant to Section 3.2 of ZTFI-1, meets the following requirements:*

- *if the company draws up its consolidated accounts pursuant to the regulation of a Member State adopted to transpose the Directive 2013/34/EU, such accounts contains consolidated financial statements drawn up in accordance with Regulation 1606/2002/EC, while the annual report of the group's parent undertaking must be drawn up in accordance with the legislation of the country in which the parent undertaking has its registered office,*
- *if the company is not subject to consolidation, its audited annual report contain accounting statements and notes to such statements drawn up in accordance with the legislation of the country of its registered office,*
- *accounts shall be audited in accordance with the regulation of the Member State adopted to transpose Articles 34 (1) and 35 of the Directive 2013/34/EU, as well as, if the company is subject to consolidation, in accordance with the regulation of the Member State adopted to transpose Article 34 of the Directive 2013/34/EU,*
- *the management report shall be drawn up in accordance with the regulation of the Member State adopted to transpose Article 19 of the Directive 2013/34/EU, as well as, if the company is subject to consolidation, in accordance with the regulation of the Member State adopted to transpose Article 29 of the Directive 2013/34/EU .*

*If the public company is subject to consolidation pursuant to Article 56 of the ZGD-1 or Point 1 above, the rules on the obligations related to the annual and half-year reports stipulated by Section 3.2 of ZTFI-1 shall also apply to its obligations related to consolidated annual and half-year reports. (Article 133 of ZTFI-1)*

### **Obligation to publish annual report and auditor's report**

*A public company must publish its annual report within four months following the end of the financial year and must ensure that it is publicly available for at least ten years after its publication.*

*The annual report must contain the following:*

- *audited financial statements,*
- *management report, and*
- *statement of the members of management and other persons of the public company responsible for drawing up the annual report, whose names and positions in the public company must be clearly disclosed, saying that, to their best knowledge:*
  - *the financial statements had been drawn up in accordance with the appropriate accounting framework of reporting and that they provide a true and fair presentation of the assets and liabilities, the financial position and the profit and loss account of the company and any other companies included in the consolidation as a whole, and*
  - *the management report gives a fair presentation of the development and results of the company's operations and its financial position, including the description of essential risks the company and any potential other companies included in consolidation are exposed to.*



*Together with the publication of the annual report, a public company must also publish, in the manner from Article 134 (1) of ZTFI-1, the auditor's report signed by the auditor responsible for auditing the company's annual report. (Article 134 of ZTFI-1)*

### **Publication of the adoption of the annual report**

*If the annual report had not been adopted by the competent body of the company by the date from the first paragraph of Article 134 of ZTFI-1, the public company must publish the annual report drawn up by the company's management within the set deadline, and make a note of this in the publication.*

*In the case referred to in Article 135 (1) of ZTFI-1, a public company must also publish the adopted annual report within 15 days after it is adopted by the competent body of the company. If the competent body of the company does not change the annual report drawn up by the company's management, the company may only publish an announcement that the competent body of the company adopted its annual report in the contents prepared by the company's management, instead of publishing the entire annual report again. (Article 135 of ZTFI-1)*

### **Statement on non-financial operation**

Public company and other public-interest entities whose average number of employees in the financial year is more than 500 on the balance sheet cut-off date shall include a **statement on non-financial operation** in its business report; the statement shall, as far as the understanding of development, successfulness and the position of the company is concerned, and the effect of its activities, include at least information on environmental, social and personnel issues, respect of human rights and issues regarding the fight against corruption and bribery. The content of the statement on non-financial operation is prescribed by Article 70c of ZGD-1.

The company may **include the statement on non-financial operation in its business report or it may be prepared as a separate report**. In this case, the separate report shall be published together with the business report, or the separate report shall be published on the company's website, within a reasonable time limit not longer than six months after the balance sheet date, which the business report refers to it.

Companies may be assisted in the preparation of the statement on non-financial operation by the **Commission guidelines on non-financial reporting**, which aim to assist obliged companies in the preparation of appropriate, useful and concise statement on non-financial operation in accordance with the requirements of Directive 2014/95/EU, which has been transposed to ZGD-1.

Public companies for which preparation of consolidated business report is required, include in the business report also a **consolidated statement on non-financial operations**. For the composition of the statement the provisions of Article 70c of ZGD-1 apply mutatis mutandis (Article 56 (12) of ZGD-1).

The auditor shall verify whether the business report includes the statement on non-financial operations, and shall examine its formal completeness, while examining their content only to the extent of examining the data referred to in points 3 and 4 of Article 70 (5) of ZGD-1. All of this applies also to consolidated annual reports (Article 57 (1) of ZGD-1).



Slovenian Corporate Governance Code for Listed Companies also recommends publication of **corporate sustainability report**, part of which is also a report on social responsibility (responsibility to employees, consumers, the local community and environmental protection) as a separate report on its website or as a part of the annual report. If the company performs the corporate sustainability reporting according to **GRI (Global Reporting Initiative) guidelines** or other international standards of corporate sustainability reporting, the mentioned Code recommends that another institution suitable for independent external assessment of corporate sustainability reporting verifies the correctness of information in the corporate sustainability report. (Point 29.2 of Slovenian Corporate Governance Code for Listed Companies).

### Single Electronic Format Reporting ESEF<sup>4</sup>

Pursuant to Directive 2013/50/EU amending transparency Directive 2004/109/EC<sup>5</sup> with effect from 1 January 2020 all annual financial reports must be prepared in a **single electronic reporting** (European Single Electronic Format, hereafter **ESEF**). This means that all annual financial reports containing financial statements shall have to be prepared in the ESEF format for financial year beginning on 1 January 2020 onwards.

Regulatory technical standards on the specification of ESEF are defined in Commission Delegated Regulation 2018/815<sup>6</sup> in which it is determined that entire annual financial reports should be prepared in the Extensible Hypertext Markup Language (**XHTML**) format. XHTML does not require specific mechanisms to be rendered in a human-readable format and is freely usable.

Where annual financial reports include IFRS consolidated financial statements, issuers should mark up the financial reports using eXtensible Business Reporting Language (**XBRL**) in accordance with the taxonomy and specifications set out in the Annexes to Commission Delegated Regulation 2018/815. This will allow for automated analysis of large amount of financial information without extensive and arduous manual processing, and for comparison of numerical information (globally) in financial statements between different issuers.

Technology XBRL using mandatory markups in connection with the annual financial report will be phased in gradually. The use of markups for all disclosures stated in the consolidated financial statements prepared pursuant IFRS, or stated by cross-referencing other parts of the annual financial reports in these statements, will be mandatory for:

- elements from Annex I of the Commission Delegated Regulation 2018/815 for financial years beginning on 1 January 2020 or later;
- elements from Annex II of the Commission Delegated Regulation 2018/815 for financial years beginning on 1 January 2022 or later.

ESMA also prepared guidance (**ESEF reporting manual<sup>7</sup>**) on common issues encountered when generating Inline XBRL instance documents to assist issuers and software firms in developing software for the preparation of annual financial reports in compliance with the statutory requirements under Commission

<sup>4</sup> Details of the ESEF transition process are published by the Agency on its website. The Agency published the basic information on the reporting obligations of public companies in ESEF in a circular dated 11 April 2019, which was published on 18 April 2019 on SEOnet.

<sup>5</sup> <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:294:0013:0027:EN:PDF>

<sup>6</sup> <https://eur-lex.europa.eu/legal-content/EN-SL/TXT/?uri=CELEX:32019R0815&from=EN>

<sup>7</sup> [https://www.esma.europa.eu/sites/default/files/library/esma32-60-254\\_eseff\\_reporting\\_manual.pdf](https://www.esma.europa.eu/sites/default/files/library/esma32-60-254_eseff_reporting_manual.pdf)



Delegated Regulation 2018/815.

***The Agency's explanatory notes, as laid down in the Agency's circular dated 8 June 2016 and published on SEOnet***

*During oversight the Agency established that not all public companies drew up the annual and consolidated annual report in accordance with chapter 8 of part I of the Companies Act (Uradni list RS, No. 65/09 – ZGD-1-UPB3, 33/11, 91/11, 32/12, 57/12, 44/13 – Constitutional Court's Decision, 82/13 in 55/15; hereinafter: ZGD-1), namely, deficiencies were found predominantly in data regarding the composition and operation of management bodies and their committees (e.g. members of the Audit Committee as well as their operation need to be reported), and in references to the Corporate Governance Code and deviations from the Code as determined by Article 70 of ZGD-1.*

*The Agency further points to the fact that even if some elements (important business events, Code, audit committee, etc.), which must be included in the annual report on the basis of Article 70 of ZGD-1, was non-existent, public company must specify this in its report, as the information in the annual report is intended for investors, who cannot be expected to conclude or consider that something was non-existent if it is not included in the annual report.*

*With regards to the above the Agency cautions public companies to take into account the provisions of Article 109 (1) of ZTFI-1 and Article 110 of ZTFI-1 when preparing annual reports. Otherwise, the Agency shall act in compliance with their competencies.*

*On 28 October 2014 ESMA published ESMA Guidelines on enforcement of financial information and on 5 October 2015 ESMA Guidelines on Alternative Performance Measures. These guidelines are used for all national regulators of EU member states which are responsible for the supervision of financial information on the basis of Transparency Directive. The Agency must follow these guidelines in such a way that it includes them in its supervisory practices, which means that when preparing the annual report, the issuers must observe the mentioned guidelines, which are published on the Agency's website: [http://www.a-tvp.si/Documents/smernice\\_esma-1293sl.pdf](http://www.a-tvp.si/Documents/smernice_esma-1293sl.pdf) (ESMA Guidelines on enforcement of financial information) and [http://www.a-tvp.si/Documents/2015\\_esma\\_1415sl.pdf](http://www.a-tvp.si/Documents/2015_esma_1415sl.pdf) (Guidelines on Alternative Performance Measures).*

***The Agency's explanatory notes, as laid down in the Agency's circular dated 21 December 2007 and published on SEOnet***

*Regarding the statement (of the members of management and other persons of the public company responsible for drawing up the annual report, whose names and positions must be clearly disclosed, saying that, to their best knowledge the financial statements had been drawn up in accordance with appropriate accounting principles and that they provide a true and fair presentation of the assets and liabilities, the financial position and the profit and loss account of both the company and all other companies, if any, in the group, and that the management report gives a fair presentation of the development and results of the company's operations and its financial position, including the description of essential risks that the company and potential other companies in the group are exposed to) the Agency notes that the Companies Act (Ur. l. RS, No 42/06 and 60/06 – amendment; hereafter "ZGD-1"), which stipulates the contents of the annual report, does not provide for such a statement but instead includes the so-called general rule, as similarly stipulated by Articles 61 and 70 of the relevant regulation. Regarding the provision of Point 3 of par. 2 of*



*Article 110 of ZTFI, the Agency notes that public companies should include it in full and position it appropriately into the relevant document.*

*At the same time the Agency calls attention to the provisions of par. 5 of Article 70 of ZGD-1, which stipulates that the management report should contain a statement on corporate governance. This statement should say whether the company abides by any Code in managing the company, which Code this is and where it is publicly accessible. The statement should also list individual provisions of this Code that the company did not comply with and explain such discrepancies from the Code.*

*Companies governed by the Takeovers Act (Ur. l. RS, No 79/06 and 67/07; hereafter "ZPre") must also pay attention to the provisions of par. 6 of Article 70 of ZGD-1, which stipulates additional elements that constitute the business report.*

*If a public company has its registered office in the Republic of Slovenia, Chapter 8 of Part I of ZGD-1 applies to its annual and consolidated annual report as well as its auditor's report (par. 1 of Article 109 of ZTFI).*

*In case of a public company subject to consolidation under Article 56 of ZGD-1 or under Point 1 of par. 2 of Article 109 of ZTFI, rules on obligations regarding the annual report from Chapter 3.2. of ZTFI apply also for its obligations regarding the consolidated annual report (par. 3 of Article 109 of ZTFI). In other words, the Articles of Chapter 3.2. of ZTFI on the annual report should be understood as also applying to the drawing up and disclosure of the consolidated annual report.*

Prime Market issuers must draw up their financial statements under IFRS, while other listed companies must comply with IFRS if they are subject to consolidation or if they are bound to comply with them pursuant to other regulations (i.e. insurers).

The Exchange recognises the following guidelines as leading to best practice solutions in the composition of annual reports:

- *The chief focus should be placed on content rather than form. The company should clearly present the reasons for its major business decisions and explain them, underlining their impact on the company's operations and position (so-called equity story).*
- *Theoretical texts (e.g. enumerating and defining standard risks) should be as limited as possible, as they show a degrading attitude towards informed readers.*
- *Operations results should be segmented according to business segments and not only presented as consolidated figures.*
- *In addition to annual cumulative figures results should be broken down for each quarter separately.*
- *Large companies should also present separate figures for their major subsidiaries.*
- *For major one-time events, especially takeovers, companies should present a detailed account of each such separate event.*
- *The annual report should also disclose the company's options contracts or contain a statement that the company has not entered into any such contracts.*

### **2.1.2. Half-year report**

*If the public company is subject to consolidation pursuant to Article 56 of the ZGD-1 or Point 1 Article 133 (2) of ZTFI-1, the rules on the obligations related to the annual and half-year reports stipulated by Section 3.2 of ZTFI-1 shall also apply to its obligations related to consolidated annual and half-year reports. (Article*



133 (3) of ZTFI-1)

### **Obligation to publish the half-year report**

*A public company must publish its half-year report for the first six months of its financial year as soon as possible but not later than within three months after the end of this period. A public company must ensure that its half-year report is publicly available for at least ten years after its publication.*

*(Article 136 of ZTFI-1)*

### **Contents of the half-year report**

*The half-year report must contain the following:*

- summary financial statements,
- interim management report and
- statement of the members of management and other persons of the public company responsible for drawing up the half-year report, whose names and positions in the public company must be clearly disclosed, stating that, to their best knowledge:
  - *summary financial statements had been drawn up in accordance with the appropriate accounting framework of reporting and provide a true and fair presentation of the assets and liabilities, the financial position and the profit and loss account of the company and any other companies included in the consolidation as a whole, and*
  - *the interim management report gives a fair presentation of information from Article 137 (5, 6) of ZTFI-1.*

*If the public company is subject to consolidation pursuant to Article 56 of the ZGD-1 or Point 1 of Article 133 (2) of ZTFI-1, summary financial statements is drawn up in accordance with the appropriate international accounting standard on interim financial reporting, adopted according to the procedure stipulated by Article 6 of Regulation 1606/2002/EC.*

*Summary financial statements of public companies that are not subject to consolidation under Article 56 of ZGD-1 or point 1 of Article 133 (2) of ZTFI-1 contains at least:*

- *condensed balance sheet,*
- *condensed profit and loss account, and*
- *explanatory notes to accounts referred to in points 1 to 2 of this paragraph.*

*In preparing the condensed balance sheet and the condensed profit and loss account, the company follows the same principles for recognising and measuring as when preparing the annual financial statements.*

*The interim management report contains at least the description of all significant business events that occurred in the first six months following the end of the previous financial year and their impact on the condensed financial statements, including a description of the essential types of risks and uncertainties related to the remaining six months of the financial year or a note that there are no such significant business events or essential types of risks and uncertainties.*

*The interim management report of the public company that had issued shares also contains a short description of significant transactions with associated persons, drawn up in accordance with the appropriate accounting standard.*



*If the half-year report has been audited, the public company also publishes the auditor's report together with the publication of the half-year report in the manner specified in Article 136 of ZTFI-1. If the half-year report has not been audited, the publication obligation applies, mutatis mutandis, to the auditor's review.*

*If the half-year report has not been audited or reviewed by auditors, the half-year report contains an explicit statement about it.*

*(Article 137 of ZTFI-1)*

### **Minimum content of half-year non-consolidated financial statements**

*If summary half-year financial statements are not drawn up pursuant to IFRS, their minimum content must comply with par. 2, 3 and 4 of Article 9 of the Decision regulating the implementation of regulated information disclosure obligation.*

*The condensed balance sheet and profit and loss account contain all items and partial sums contained in the public company's latest annual financial statements. Additional items are also added if the financial statements would otherwise give a misleading account of the company's assets, financial position and profit or loss.*

*The summary from par. 2 of Article 9 of the Decision regulating the implementation of regulated information disclosure obligation must also include the following comparable data:*

- *balance sheet after the first six months of the current financial year and a comparable balance sheet as at the end of the previous financial year,*
- *profit or loss account after the first six months of the current financial year and a comparable profit or loss account as at the end of the previous financial year.*

*Notes to the half-year financial statements must contain:*

- *sufficient data so as to ensure comparability of the summary half-year financial statements with the annual financial statements,*
- *sufficient data and notes to ensure the users' correct understanding of any material changes in amounts or any developments over the relevant six months reflected in the balance sheet and profit and loss account. (Article 9 of the Decision regulating the implementation of regulated information disclosure obligation)*

### **Statement of relevant transactions with associated persons**

*The statement of relevant transactions with associated persons, which is a component part of the interim management report of any public company that had issued shares, must contain at least the following information:*

- *statement of transactions with associated persons over the first six months of the current financial year, which had a significant impact on the financial position and operations of the public company during the relevant period;*
- *any changes related to transactions with associated persons as given in the latest annual report, which could have a significant effect on the financial position and operations of the public company over the first six months of the current financial year.*



*If the issuer of shares is not subject to drawing up a consolidated annual report, it must nevertheless disclose its transactions with associated persons pursuant to the relevant accounting standard. (Article 10 of the Decision regulating the implementation of regulated information disclosure obligation)*

Prime Market issuers must draw up their financial statements under IFRS, while other listed companies must comply with IFRS if they are subject to consolidation or if they are bound to comply with them pursuant to other regulations (i.e. insurers).

As to the structure of half-year reports and highlights of their content, the guidelines from 2.1.1. apply as appropriate.

### **2.1.3. Other interim reporting – quarterly report <sup>8</sup>**

Publishing quarterly reports serves the purpose of maintaining continuity of disclosing information regarding business operations of public companies throughout the entire year. Prime Market issuers are bound to publish quarterly statements of operations for the first three and nine months of the financial year, containing:

1. Operations results:

- **Interim statements** for Q1 and Q3, pursuant to IAS 34

**or**

- **Key operations data** that include at least the following data, depending on the issuer's business:
  - for non-bank issuers: at least the data on net sales revenue, operating profit or loss, net profit or loss from ordinary activities and net profit or loss for the period, compared with the same period of the previous financial year;
  - for banks: at least the data on total assets; total capital; interest revenue and interest payable; other financial and operating revenues and expenditures; operating profit or loss; net profit or loss for the period, compared with the same period of the previous financial year;
  - for insurers: at least data on total assets; capital; net revenue from insurance premiums and profit or loss from non-life insurance, but not from health insurance; net revenue from insurance premiums and profit or loss from life insurance; net revenue from insurance premiums and profit or loss from health insurance; net profit or loss for the period, compared with the same period of the previous financial year;

2. Key explanatory notes, including at least:

- explanatory notes and analysis of the management board (in particular changes in the management board, in the supervisory board, in the audit, in the company's core business, its ownership, its financial position, expectations for the future, plans, comments of uncertain events that could be significant for the user, dividends paid in the period),
- explanations of individual items that appear unusual due to their scope or nature,
- explanations as to the seasonal nature and the related sales results generated during the period,
- other data, pursuant to other regulations.

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<sup>8</sup> Pursuant to the Rules, this Chapter is binding for LJSE Prime Market issuers.



Issuers should publish data on interim operations not later than within two (2) months after the end of the respective accounting period.

### **General guidelines for interim reporting**

Interim operations data (operations during the first three (3) and nine (9) months of the financial year) are very important for issuers, since they increase investor confidence related to trading in the issuer's shares, both for domestic and international investors. At the same time quality interim reporting decreases price volatility; the absence of quarterly reporting namely fuels rumours and speculations, which might affect share prices. Interim reporting is therefore an important base for investors to make informed and quality investment decisions.

To ensure prompt and transparent reporting on their interim operations, the Exchange recommends that listed companies act according to the following guidelines:

- **Announcements should be clear and concise.**

Too much descriptive information, graphic images, etc. can compromise the clarity of the announcement and thus blur the information the user is looking for. As stipulated by the IFRS, explanations of individual items in the reports and statements should only contain information that is essential.

- When announcing quarterly results, the issuer should also announce a clarification of the validity of the published annual plan according to the realised interim results (i.e. "profit guidance").

#### ***The Agency's note, as laid down in the Agency's circular dated 8 June 2016 and published on SEOnet***

*... if a public company prepares an interim statement (interim management report, quarterly report, which meets the criteria of internal information from Regulation MAR<sup>9</sup>) despite the fact that it is not prescribed by legal provisions, the company must be aware that it constitutes a confidential internal information until the internal information is published in an appropriate manner.*

#### **2.1.4. Payments to Governments**

*A public company from Article 70b (1) of Companies Act (ZGD-1) publishes a consolidated report on payments to the government six months after the end of each financial year at the latest and ensures that it is available at least 10 years after the publication in accordance with Article 70 b (2 – 5) of ZGD-1.*

*(Article 138 of ZTFI-1)*

*This Article applies to large companies which perform activities involving the exploration, search, discovery, development and extraction of minerals, oil, natural gas or other materials in the context of economic activities listed in sections 05 to 08 of area B of Attachment I to the Decree on the Standard Classification of Activities (Uradni list, No. 69/2007, 17/2008; hereafter Decree on the Standard Classification of Activities) and to companies which perform activities in the sector of exploitation of virgin forests, listed under group*

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<sup>9</sup> The Agency's note in its original refers to Article 373 of ZTFI, which ceased to be valid and has been replaced by the definition of inside information in accordance with the Regulation MAR.



*02.2 of section 02 of area 1 of the Attachment I to the Decree on the Standard Classification of Activities. This Article also applies to large companies, which do not perform activities from previous sentence but such activity is performed by one of its related companies.*

*(first paragraph Article 70b of ZGD-1)*

## 2.2. AGM and dividends

### 2.2.1. General Meeting Convocation and Resolutions

*A public company whose shares are traded on a regulated market treats equally all the shareholders that are in an equal relationship with the company. A public company ensures that its home Member State can provide access to adequate equipment and information needed to exercise rights from shares, and that appropriate integrity of data is guaranteed. In accordance with the law of its registered office, a public company also allows a shareholder to exercise voting rights through a proxy.*

*In order to fulfil its above obligations, a public company must, in particular:*

- *provide the following information in relation to each convening of the general meeting:*
  - *place, time and agenda of the general meeting,*
  - *total number of shares and voting rights, and*
  - *the right of shareholders to participate in the general meeting,*
- *provide shareholders with a proxy form for exercising their voting rights, in the form and manner as stipulated by ZTFI-1,*
- *determine a payment agent, as stipulated by ZTFI-1, and*
- *publish or mail to the shareholders appropriate notices on:*
  - *the amount and payment of dividends,*
  - *the issue of new shares, which also include information on the pre-emptive right and the manner of subscribing new shares, and*
  - *the cancellation or conversion of shares.*

*A public company may send information to its shareholders by using electronic means, if so stipulated by the company's statutes and provided that the conditions from Article 152 of ZTFI-1 are met. (Article 152 of ZTFI-1)*

*Details in the Resolution on holders of securities traded on the regulated market exercising their rights.*

A listed company should publish the following data regarding its AGM as soon as possible:

- Immediately after the supervisory board meeting and not later than upon convening the AGM (at which shareholders will review the company's annual report): the report of the supervisory board, containing a brief statement from the supervisory board on the manner and scope in which the company's management was examined for the past financial year; its opinion of the auditor's report; and a statement from the supervisory board on approving the annual report.
- In case of an AGM convening: the place, time, agenda and proposed resolutions of the AGM; total number of shares and voting rights; shareholders' right to participate at the AGM; shareholders' proposals and management board's opinion; the venue where the company's annual report and



supervisory board's report are available.

- In case of a proposed AGM resolution on the allocation of distributable profit: dividend amount, record date for determining shareholders entitled to dividend payment (record date stipulated by the Exchange Rules), and date of dividend payment.
- After an AGM: all adopted resolutions and advance challenging actions. Should proposed resolutions not be adopted or amended, the notice should highlight this. The Exchange recommends that the entire AGM minutes be disclosed, not only the resolutions.

The Exchange additionally recommends that companies allow for shareholders to register for an AGM and for proxy appointments to be made electronically, and that the AGM be broadcast live on the company website.

### 2.2.2. Remuneration Policy and Report

The ZGD-1K proposal for public companies stipulates an **obligation of drawing up a remuneration policy for the management and supervisory bodies and the executive directors**, which shall be submitted to the General Meeting for approval. The company submits the remuneration policy for voting at every significant change, and in any case at least every four years (proposal of new Article 294a of ZGD-1).

The vote General Meeting's on the remuneration policy is not binding, but consultative. If the General Meeting does not approve the proposed remuneration policy, the company submits a revised policy to the next General Meeting.

Immediately after it was voted on at the General Meeting, the remuneration policy **shall be made publicly available on the company's website** together with the date and results of the voting, where it shall remain free and publicly available for at least as long as it is in use, and not less than 10 years.

Public companies shall draw up a report on remuneration which shall be reviewed by the auditor and submitted to the General Meeting in the same manner as the annual report. Immediately after it was voted on at the General meeting, the report shall be made publicly available on the company's website, where it shall remain free and publicly available for at least 10 years. The **contents** of the remuneration policy and report are set out in the proposal of new Articles 294a and 294b of ZGD-1. In drawing up the remuneration policy the Exchange also recommends that the companies follow the guidelines of the Slovene Corporate Governance Code for Listed Companies (points 8.7., 12.10., 21.), including the recommendation of point 29.7 of the Code on the disclosure of each individual member of the management board and supervisory board in accordance with the items in the tables in Appendices C3 and C4 of the Code.

## 2.3. Information on major holdings in public companies

### 2.3.1. Major holding thresholds

*Major holding thresholds are holdings of voting rights in a public company held by an individual shareholder, and represent 5, 10, 15, 20, 25 per cent, 1/3, 50 or 75 per cent of all voting rights in the respective public company. The basis for establishing major holdings shall be the total number of a public company's shares with voting rights, including the company's own shares and the shares under which the exercise of voting*



*rights is restricted under law or the company's statutes in compliance with the law. (Article 129 of ZTFI-1)*

### **2.3.2. Persons liable to notify public companies about major holdings**

*A shareholder notifies a public company if he/she reaches or exceeds a specific threshold of a significant share or his/her share is reduced below a specific threshold of a significant share on the basis of the conditions in Article 141 of ZTFI-1. A person liable to inform public companies about changes in major holdings is also the person who is entitled to obtain, dispose of or exercise voting rights from shares in cases referred to in Article 143 of ZTFI-1.*

*The public company must be informed about the change in major holdings by the person who on the basis of the sum of the voting rights from Articles 141 (1), 142 and 143 of ZTFI-1, reaches or exceeds a specific threshold of a significant share or his/her share is reduced below a specific threshold of a significant share. (Article 140 (4) of ZTFI-1)*

*A notice on a change of major holdings<sup>10</sup>, submitted to the company by a shareholder or other persons liable to notify public companies, must contain (Article 146 of ZTFI-1):*

- *the total holding of voting rights after the change that is being notified,*
- *if the public company has issued more than one class of shares with voting rights, also: the total holding of voting rights for each class of such shares,*
- *if the shareholding is exercised through controlled undertakings, also: the sequence of relations with such controlled undertakings,*
- *the day on which the major holding threshold that is being notified was achieved or exceeded, or the day on which the respective holding fell below this threshold,*
- *personal data pursuant to Article 146 of ZTFI-1.*

*The shareholder or reporting entity must mail a notice on the change of major holdings to the public company as soon as possible and not later than on the fourth (4.) trading day after the day:*

- *when they learned of the acquisition or disposal of shares, or of the option to enforce voting rights, or when they could have learned of these facts, irrespective of the time when the legal effects of the acquisition or disposal, or of the option to enforce voting rights, took effect; or*
- *when they were notified on the basis of the notification from Article 149 of ZTFI-1 about the fact under point 2 of Article 141 (1) of ZTFI-1.*

*The shareholder or reporting entity shall be exempt from reporting obligations provided that a notice was mailed by their parent company or their company's parent company. (Article 146 (3) of ZTFI-1)*

*Exemptions from the obligation to notify the public company of a change in the major holdings are also defined for:*

- *Shares acquired solely for settlement within a normally short settlement period;*
- *Shares held by the depositary related to the provision of storage services in accordance with Article 141 (2) of ZTFI-1;*
- *Liquidity providers for voting rights from the trading book for banks, and for voting rights from shares obtained for purposes of stabilisation of financial instruments, provided that all conditions laid down in Article 141 (3, 4, 5) of ZTFI-1 are met;*

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<sup>10</sup> The P-DEL form annexed to the Decision on information regarding significant holdings shall be used to notify the change of significant holdings.



- *Members of the ESCB referred to in Article 144 of ZTFI-1,*
- *Other exceptions from Article 145 of ZTFI-1.*

### **2.3.3. Public announcement of notice on the change in major holdings**

*A public company must publish information from the notice on the change in major holdings as soon as possible and no later than on the third (3.) trading day following their receipt of the notification, unless the information from the notice on the change in major holdings is published in the system for central storage of regulated information from Article 159 of ZTFI-1 no later than on the third (3.) trading day of the receipt of the notice. (Article 147 of ZTFI-1)*

*Details on publication also in the Resolution on notification on major holdings.*

The Exchange recommends that when publishing their notice on a change in major holdings companies do not wait until the final date (third (3.) trading day after receiving the notice), but publish it immediately.

The Exchange also recommends that companies comply with Section 22.6. of Slovenia's Corporate Governance Code, which states that at least once a year companies should publicly announce **any cross-holdings with other companies** (a major share of voting rights in a company that has a major share of voting rights in the first company).

## **2.4. Information on own shares**

### **2.4.1. Information on the change in its own shares:**

*A public company must publish information on the change in its own shares:*

- *if it acquires or disposes of its own shares either directly or through a person acting on its own behalf and for the account of the public company, and*
- *if, as a result of such an acquisition or disposal, the proportion of voting rights from own shares of a public company reaches or exceeds five (5) or ten (10) percent of the respective company's total shares with voting rights, or if it falls below one of the said thresholds. (Article 148 of ZTFI-1)*

*A public company must publish information on the change in its own shares "immediately after trade execution, but not later than within four days after such acquisition or disposal in a manner prescribed for the disclosure of inside information". (Article 19 of the Resolution on notification on major holdings)*

*The publication must contain the data stipulated by the LD form, as attached to the Resolution on notification on major holdings.*

### **2.4.2. Buy-back programmes for own shares**

The specific nature of buy-back programmes for own shares and obligations regarding disclosure and reporting within these programmes are stipulated in Article 2 of Commission Delegated Regulation (EU) 2016/1052<sup>11</sup>, which stipulates that *in order to benefit from the exemption laid down in Article 5(1) of*

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<sup>11</sup> Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures.



*Regulation MAR, prior to the start of trading in a buy-back programme permitted in accordance with Article 21(1) of Directive 2012/30/EU of the European Parliament and of the Council (6), the issuer shall ensure adequate public disclosure of the following information:*

- the purpose of the programme as referred to in Article 5(2) of Regulation MAR;
- the maximum pecuniary amount allocated to the programme;
- the maximum number of shares to be acquired;
- the period for which authorisation for the programme has been given (hereafter: 'duration of the programme')

*The issuer shall ensure adequate public disclosure of subsequent changes to the programme and to the information already published in accordance with the first subparagraph.*

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**Adequate public disclosure** means making information public in a manner which enables fast access and complete, correct and timely assessment of the information by the public in accordance with Commission Implementing Regulation (EU) 2016/1055 (4) and, where applicable, in the officially appointed mechanism (INFO STORAGE). The Exchange thus recommends that the issuer publish all information, which is required with regards to the buy-back programmes in the same way as is stipulated for the disclosure of inside information.

In accordance with Article 2 (3) of Commission Delegated Regulation (EU) 2016/1052 the issuer shall ensure **adequate public disclosure of the information on the transactions relating to buy-back programmes** referred to in paragraph 2 (such as details on *the names and numbers of purchased or sold instruments, volume, dates and times of transactions, transaction prices and identifications for customers, etc.*) no later than by the end of the seventh daily market session following the date of execution of such transactions. The issuer shall also post on its website the transactions disclosed and keep that information available to the public for at least a 5-year period from the date of adequate public disclosure.

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Pursuant to Commission Delegated Regulation (EU) 2016/1052, the issuer implementing a buy-back programme must report the information on the transactions relating to buy-back programmes within seven days of the execution date. In case of exceeding (or lowering) the 5% or 10% threshold of all shares with voting rights, the report must be made immediately after trade execution, but not later than within four days after such acquisition or disposal. The Exchange recommends that the company publicly discloses any changes in its own shares as soon as possible.

Such a report should contain the following data:

- reasons and purpose for acquisition or disposal (indent of Article 247, par. 1 of ZGD; if the conditions for disposal were stipulated on the basis of an AGM authorization, the announcement should also include the date of this AGM resolution, the minimum and maximum sell price as well as the maximum proportion of these shares in the share capital to which the authorization applies);
- quantity of shares;
- balance before and after acquisition or disposal (volume and proportion of shares in share capital);
- date and time of acquisition or disposal;
- share price in acquisition or disposal;
- manner of acquisition or disposal, or statement whether the purchase or sale was executed on or off a



regulated market (in case of several consecutive trades, the total share value and average price of all trades);

- total trade value;
- agent that executed the transaction;
- other information required in accordance with Regulation MAR regarding buy-back programmes.

## 2.5. Transactions of Top Managers

*Responsibilities of issuers and reporting agents regarding transactions of top managers are regulated in Article 19 of Regulation MAR and Article 10 of Commission Delegated Regulation (EU) 2016/522<sup>12</sup>.*

### **Reporting Agents**

- A person discharging managerial responsibilities within an issuer, an emission allowance market participant or another entity referred to in Article 19(10), who is:
  - a) a member of the administrative, management or supervisory body of that entity; or*
  - b) a senior executive who is not a member of the bodies referred to in point (a), who has regular access to inside information relating directly or indirectly to that entity and power to take managerial decisions affecting the future developments and business prospects of that entity;*
- A person closely associated with a person discharging managerial responsibilities:
  - a) a spouse, or a partner considered to be equivalent to a spouse in accordance with national law;*
  - b) a dependent child, in accordance with national law;*
  - c) a relative who has shared the same household for at least one year on the date of the transaction concerned; or*
  - d) a legal person, trust or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person referred to in point (a), (b) or (c), which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such a person;* Items 25 and 26 of Article 3 (1) of Regulation MAR).

### **Which transactions need to be notified?**

*Persons discharging managerial responsibilities and persons closely associated with them inform the issuer or an emission allowance market participant and the competent authority:*

- a) in respect of issuers, of every transaction conducted on their own account relating to the shares or debt instruments of that issuer or to derivatives or other financial instruments linked thereto;*
- b) in respect of emission allowance market participants, of every transaction conducted on their own account relating to emission allowances, to auction products based thereon or to derivatives relating thereto.*

*(Article 19 (1) of Regulation MAR)*

*Pursuant to Article 19 (7) of Regulation transactions that must be notified also include:*

- a) the pledging or lending of financial instruments by or on behalf of a person discharging managerial responsibilities or a person closely associated with such a person, as referred to in paragraph 1;*

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<sup>12</sup> Commission Delegated Regulation (EU) 2016/522 of 17 December 2015 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council as regards an exemption for certain third countries public bodies and central banks, the indicators of market manipulation, the disclosure thresholds, the competent authority for notifications of delays, the permission for trading during closed periods and types of notifiable managers' transactions



- b) *transactions undertaken by persons professionally arranging or executing transactions or by another person on behalf of a person discharging managerial responsibilities or a person closely associated with such a person, as referred to in paragraph 1, including where discretion is exercised;*
- c) *transactions made under a life insurance policy, defined in accordance with Directive 2009/138/EC of the European Parliament and of the Council (1), where:*
  - i) *the policyholder is a person discharging managerial responsibilities or a person closely associated with such a person, as referred to in paragraph 1,*
  - ii) *the investment risk is borne by the policyholder, and*
  - iii) *the policyholder has the power or discretion to make investment decisions regarding specific instruments in that life insurance policy or to execute transactions regarding specific instruments for that life insurance policy.*

*For the purposes of point (a), a pledge, or a similar security interest, of financial instruments in connection with the depositing of the financial instruments in a custody account does not need to be notified, unless and until such time that such pledge or other security interest is designated to secure a specific credit facility.*

*Insofar as a policyholder of an insurance contract is required to notify transactions according to this paragraph, an obligation to notify is not incumbent on the insurance company.*

*Pursuant to Article 10 of Commission Delegated Regulation (EU) 2016/522 transactions that must be notified also include:*

- a) *acquisition, disposal, short sale, subscription or exchange;*
- b) *acceptance or exercise of a stock option, including of a stock option granted to managers or employees as part of their remuneration package, and the disposal of shares stemming from the exercise of a stock option;*
- c) *entering into or exercise of equity swaps;*
- d) *transactions in or related to derivatives, including cash-settled transaction;*
- e) *entering into a contract for difference on a financial instrument of the concerned issuer or on emission allowances or auction products based thereon;*
- f) *acquisition, disposal or exercise of rights, including put and call options, and warrants;*
- g) *subscription to a capital increase or debt instrument issuance;*
- h) *transactions in derivatives and financial instruments linked to a debt instrument of the concerned issuer, including credit default swaps;*
- i) *conditional transactions upon the occurrence of the conditions and actual execution of the transactions;*
- j) *automatic or non-automatic conversion of a financial instrument into another financial instrument, including the exchange of convertible bonds to shares;*
- k) *gifts and donations made or received, and inheritance received;*
- l) *transactions executed in index-related products, baskets and derivatives, insofar as required by Article 19 of Regulation (EU) No 596/2014;*
- m) *transactions executed in shares or units of investment funds, including alternative investment funds (AIFs) referred to in Article 1 of Directive 2011/61/EU of the European Parliament and of the Council (4), insofar as required by Article 19 of Regulation (EU) No 596/2014;*
- n) *transactions executed by manager of an AIF in which the person discharging managerial responsibilities or a person closely associated with such a person has invested, insofar as required by Article 19 of Regulation (EU) No 596/2014;*



- o) transactions executed by a third party under an individual portfolio or asset management mandate on behalf or for the benefit of a person discharging managerial responsibilities or a person closely associated with such a person;*
- p) borrowing or lending of shares or debt instruments of the issuer or derivatives or other financial instruments linked thereto.*

### **Emergence of Notification Obligation for a Reporting Agent and Deadline**

*The notification obligation shall apply to any subsequent transaction once a total amount of EUR 5.000 has been reached within a calendar year. The threshold of EUR 5,000 shall be calculated by adding without netting all transactions referred to in paragraph 1.*

*(Article 19 (8) of Regulation MAR)*

*The reporting agent must report each transaction completed after the threshold of EUR 5,000 has been reached in each calendar year.*

*Reporting agents shall notify the issuer or the emission allowance market participant and the competent authority promptly and **no later than three business days after the date of the transaction.***

*(Article 19 (1) of Regulation MAR)*

*Persons discharging managerial responsibilities shall notify the persons closely associated with them of their obligations under Article 19 of Regulation in writing and shall keep a copy of this notification.*

*(Article 19 (5) of Regulation MAR)*

The listed company **shall** ensure that the transactions of top managers are **made public promptly and no later than three business days after the transaction** in a manner which enables fast access to this information on a non-discriminatory basis and shall submit it to the system for central storage of regulated information (i.e. in the same manner as prescribed for disclosure of regulated information).

The Exchange recommends that the company not wait with its publication until the statutory deadline but carry it out **as soon as possible**.

The following are obliged to notify and publicly disclose transactions of top managers:

- Issuers who requested or approved listing of their securities on the stock exchange market or
- Issuers who, in the case of securities traded only on MTF, approved trading or requested listing of their securities on the stock exchange market.

Notification and public disclosure of transactions by top managers include the following data:

- Name of the person;
- Reason for the notification;
- Name of the appropriate issuer or emission allowance market participant;
- Description of the financial instrument, type of instrument, Identification code;
- Nature of the transaction (e.g. acquisition or disposal), which indicates whether the transaction is linked to the exercise of a share option or special cases from Article 19 (7) of Regulation MAR;
- Date and place of the transaction;
- Price and aggregated volume of the transaction(s). In the event of a pledge, the conditions of which stipulate a change in its value, also the value of the transaction on the date of the pledge.



In addition to the obligation to disclose transactions by top managers issuers also have the following obligations in accordance with Article 19 of the MAR:

- notify in writing the persons discharging managerial responsibilities of their obligations under Article 19 of the MAR;
- to compile a list of all persons discharging managerial responsibilities and persons closely associated with them.

The **Instructions for completing the template for disclosure of managers' transactions** in accordance with Commission Implementing Regulation (EU) 2016/523 are published on the Agency's website<sup>13</sup>.

## 2.6. Change in total number of shares with voting rights

*For the calculation of the thresholds of major holdings in compliance with Article 129 of ZTFI-1, a public company must, at the end of each month in which corporate activity of the public company or any other legal fact resulted in the total number of shares with voting rights into which the share capital of the public company is divided, or in which the total number of voting rights arising from such shares has changed, publish the information on such change and the new total number of voting rights (Article 149 of ZTFI-1).*

The Exchange recommends that when announcing a capital increase companies clearly explain its purpose. If the management wishes to maintain shareholder and investor trust and their own credibility, the stated purpose should be applied.

## 2.7. Changes in contents of rights from securities

*A public company shall make public without delay any change in the rights attaching to the various classes of its shares admitted to trading on a regulated market, including changes in the rights attaching to derivatives issued by it, the content of which is any security under Article 142 of ZTFI-1 regarding the acquisition of these shares.*

*A public company whose securities other than shares are traded on a regulated market shall make public without delay any changes in the rights arising from such securities, including changes that could indirectly affect those rights, especially changes resulting from changes in the terms and conditions for the payment of liabilities arising from such securities or from changes in interest rates. (Article 151 of ZTFI-1)*

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<sup>13</sup> <http://www.a-tvp.si/mar/porocanje-o-poslih-vodilnih-delavcev->



### 3. INSIDE INFORMATION

#### 3.1. Guidelines in deciding on the nature of information

*(1) In Regulation MAR inside information comprise the following types of information:*

- information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments;
- in relation to commodity derivatives, information of a precise nature, which has not been made public, relating, directly or indirectly to one or more such derivatives or relating directly to the related spot commodity contract, and which, if it were made public, would be likely to have a significant effect on the prices of such derivatives or related spot commodity contracts, and where this is information which is reasonably expected to be disclosed or is required to be disclosed in accordance with legal or regulatory provisions at the Union or national level, market rules, contract, practice or custom, on the relevant commodity derivatives markets or spot markets;
- in relation to emission allowances or auctioned products based thereon, information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more such instruments, and which, if it were made public, would be likely to have a significant effect on the prices of such instruments or on the prices of related derivative financial instruments; L 173/24 Official Journal of the European Union 12.6.2014 EN
- for persons charged with the execution of orders concerning financial instruments, it also means information conveyed by a client and relating to the client's pending orders in financial instruments, which is of a precise nature, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments, the price of related spot commodity contracts, or on the price of related derivative financial instruments.

*(2) For the purposes of paragraph 1, information shall be deemed to be of a precise nature if it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or an event which has occurred or which may reasonably be expected to occur, where it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the financial instruments or the related derivative financial instrument, the related spot commodity contracts, or the auctioned products based on the emission allowances. In this respect in the case of a protracted process that is intended to bring about, or that results in, particular circumstances or a particular event, those future circumstances or that future event, and also the intermediate steps of that process which are connected with bringing about or resulting in those future circumstances or that future event, may be deemed to be precise information.*

*(3) An intermediate step in a protracted process shall be deemed to be inside information if, by itself, it satisfies the criteria of inside information as referred to in this Article.*

*(4) For the purposes of paragraph 1, information which, if it were made public, would be likely to have a significant effect on the prices of financial instruments, derivative financial instruments, related spot commodity contracts, or auctioned products based on emission allowances shall mean information a reasonable investor would be likely to use as part of the basis of his or her investment decisions.*



*(5) ESMA shall issue guidelines to establish a non-exhaustive indicative list of information which is reasonably expected or is required to be disclosed in accordance with legal or regulatory provisions in Union or national law, market rules, contract, practice or custom, on the relevant commodity derivatives markets or spot markets as referred to in point (b) of paragraph 1. ESMA shall duly take into account specificities of those markets.*  
*(Article 7 of Regulation MAR)*

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It is not possible to give a unique definition of inside information and thereby account for all the possible situations and factors. It primarily depends on the type of a company's securities traded on the stock market (shares, bonds, derivatives), as well as on a company's size and business. The estimate of the influence inside information might potentially have on the price of a security is of course purely theoretical and therefore difficult to make. It is the companies themselves that can best assess and anticipate how a piece of information will affect the price of their security, therefore it is primarily their own responsibility to determine which piece of information constitutes price sensitive information in a particular case.

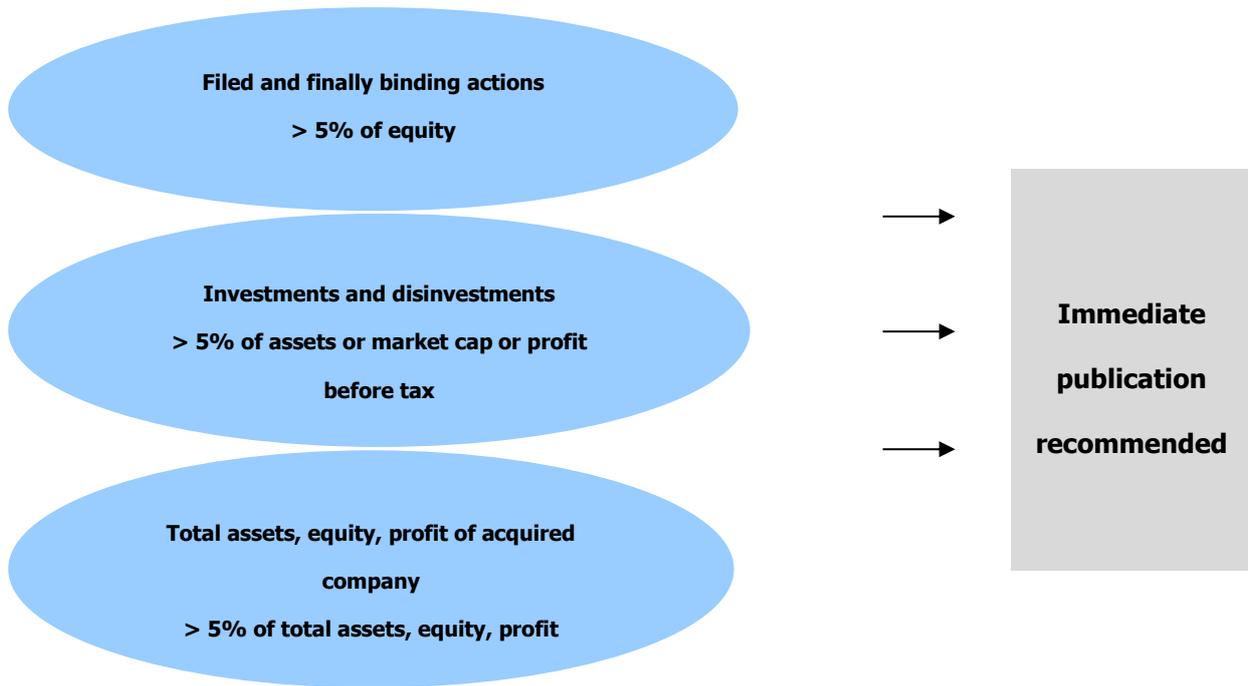
Information with features of inside information is not necessarily related to the company's business, although it might influence it. **Should the listed company operate in a group with associated companies (subsidiaries), business and other events that are important for the associated companies' business results and position are also important for the listed company itself.** These events will namely eventually influence the group's business results and be reflected in the company's consolidated financial statements, which gives them the status of price sensitive information in respect of the company as soon as at the time of their appearance.

The Exchange recommends that listed companies promptly inform the public of all the business and other events of their subsidiaries, which will notably influence their business results and position, and thus also the group's consolidated financial statements. Disclosure obligations in respect of this type of information rest with the listed company, not its subsidiary. The Exchange recommends that in assessing whether a piece of information related to a subsidiary might or might not be of a price sensitive nature, the company take into account the potential influence it might have on consolidated financial statements.

The Exchange does not stipulate quantitative criteria for evaluating events or circumstances. Below there are some **criteria** to help make decisions about whether a piece of information is likely to notably affect the price of a company's financial instruments or the price of related derivatives. They are of an informative nature only and intended as an aid in making assessments:

- Will the information have a notable effect on the key items in the financial statements or on key financial ratios (e.g. income, expenditure, sales revenue, profit before tax, assets, liabilities, capital, indebtedness, profitability, earnings per share)?
- To assess the relevance of a transaction, percentage tests can be used.

The Exchange recommends that in weighing the relevance of a transaction (examples below), companies follow the 5% threshold: if the transaction in question reaches or exceeds 5%, as illustrated below, the related piece of information should be disclosed to the public in the requisite manner.



### 3.2. Commenting on rumours and media publications

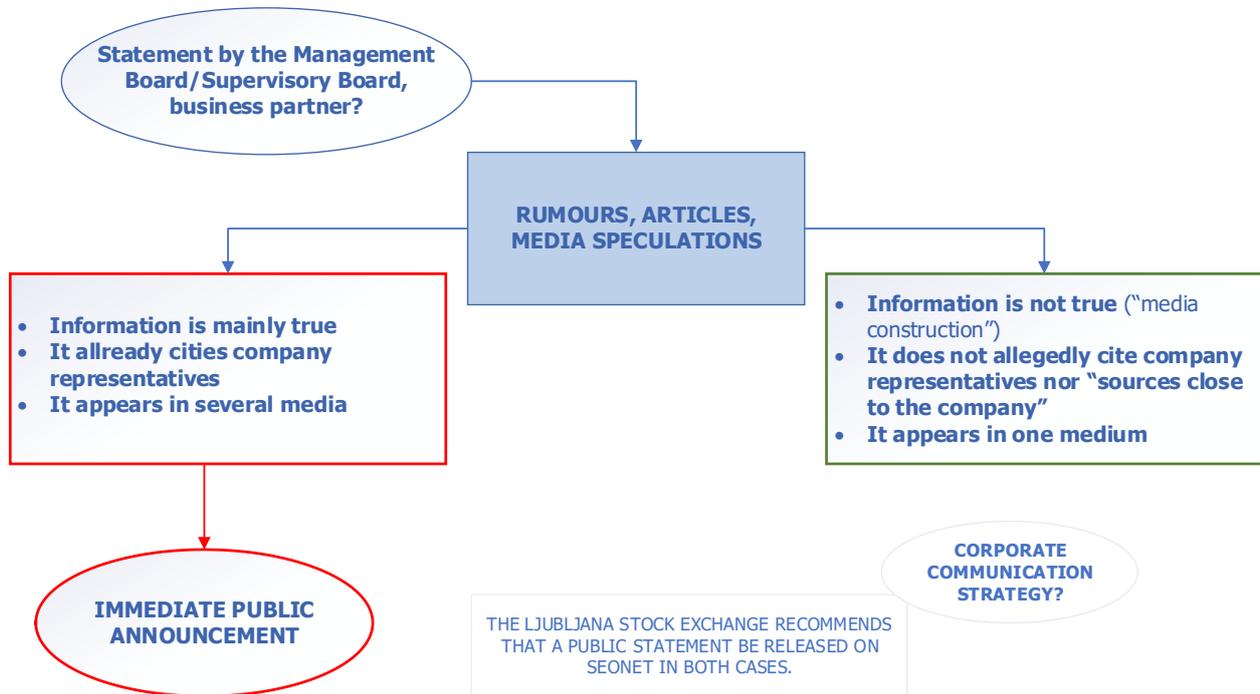
In case of rumours and published articles, the company should assess:

- whether the statements are true to life or constitute inside information,
- whether the statements contain specific data, or are general and of a speculative nature.

Should the statements be true (inside information leakage), the company should immediately post a comment or disclose the relevant information. The Exchange believes a company is not required to comment on all statements concerning itself and its operations that appear in the media, but should first assess the situation and then make a decision about what to do. Certain published pieces are only meant to be provocative; however, it should be remembered that provocative articles also influence the investment community and can potentially result in price changes. It is important for companies' top management to maintain a consistent communication strategy with the investment community and with the press.



## HOW TO REACT TO MEDIA PUBLICATIONS?



### 3.3. Content of announcements

*A notice of regulated information must contain all the data that enable an investor to assess the issuer's position and estimate the effect of regulated information on the price of its financial instrument. Unless specified otherwise by a special regulation, a notice of regulated information must contain especially the following data:*

- issuer firm and registered address,
- title of the notice,
- ZTFI-1 Article which the publication of regulated information refers to, and Regulation MAR Article which public disclosure or delaying the public disclosure of inside information refer to,
- time of the event that initiated the publication of regulated information,
- detailed description of the business event that initiated the publication of regulated information,
- indication of the start and end dates of when the information with characteristics of inside information, which is contained in the notice, will be published on the issuer's official website.

*(Article 3 of the Decision regulating the implementation of regulated information disclosure obligation)*

*In its circular on SEOnet, dated 21 December 2007, the Agency further stated that it will additionally consider "issuers' statements that individual pieces of information will be appropriately disclosed from a specified date onwards and continue to be publicly available for not less than five years" as adequate statements of availability of information on the issuers' websites.*

Here are some Exchange guidelines on how to formulate an announcement on inside information:

A **clear and brief description of the event** is essential. It should give all the main information (e.g. for



changes on management or supervisory boards, also the date of the new members taking office and of the previous members' termination of office). Announcements outlining a piece of information but not disclosing its gist and importance are impermissible (e.g. only a list of agenda items in case of a supervisory board meeting). Although they tell the public that the company has information (about e.g. the company's operations plan until 2020), the public does not learn what this information is. This brings unrest and speculations among investors, and increases media pressure on company representatives.

The announcement should reveal **why the described event is considered important**, and why it could therefore affect the price of the company's traded security. The same event or circumstance (e.g. an investment worth EUR 3 million) may constitute inside information for one company but not another. This primarily depends on the type of the company's traded security (bond prices react to a different set of information than share prices), while for companies with the same type of security the importance of an event is weighted by the company's business and size, its operations results, etc.

The significance and therefore potential **influence of a piece of information on the price of a security** may be given in numbers (e.g. the value of an investment, expected income, and similar) or, when this is not possible, through a description (a combination of both is recommended).

The announcement disclosing inside information must be clearly phrased, precise and not misleading.

The Exchange advises against using exaggerated marketing descriptions or graphics in the announcement, and against making the text unclear and/or extremely long. This can namely compromise clarity and can be considered misleading, as it conceals from the reader the gist of the information and its effect on company operations, the company's position and consequently on stock valuations. Announcements should be phrased concisely and clearly.

### 3.4. Possible types of inside information

#### 3.4.1. Business events that can significantly affect the company's position

A listed company is obliged to inform the public as soon as possible of any business and other events, changed operating conditions and impact of events surrounding the company, which can have a significant effect on the company's legal status and financial position, and can thus constitute inside information. These are primarily:

- suspensions of business operations,
- significant changes in pursuing the company's core business,
- intended material change in the company's accounting policy,
- changes in the management board or the company's management, and in the supervisory board,
- significant resolutions adopted at supervisory board meetings,
- conclusion of significant contracts,
- significant legal proceedings before government bodies, arbitration tribunals and similar bodies (instituted, adjudicated at individual instances, finally binding),
- materially changed market situation,
- obtained or forfeited patents, licences and trademarks of significant importance,
- new products or services or clients, which have a significant impact on the business operations and the company's profit or loss, and other.



### 3.4.2. Purchase/sale of a holding in another legal person

Information on the purchase/sale of holdings in other legal persons constitutes, *inter alia*, potential inside information. The announcement with this type of information should primarily contain a description of the meaning of the transaction for the company's business and consequently for the price of its traded security. The Exchange recommends that companies disclose:

- **Value of the transaction and value of acquired company.**

The value of the transaction is relevant both for investors in public and non-public joint stock companies. In the first case there can be speculations in the public about the value relative to the known market value, and there can potentially appear rumours and talks damaging for the company, which include more than just the business aspect of the transaction. In the second case the public has nothing to lean against in assessing the value of the transaction, which fuels additional speculations. If the company does not state the value of the transaction, the company should clearly describe the importance and weight of the acquired company for the operations of the issuer's Group.

- **Reason and purpose of the purchase/sale.**

**Manner of financing** in case of larger transactions. It is inappropriate to postpone the disclosure of such information until the publication of the annual report. On-the-spot disclosure will mitigate potential assumptions on the company's indebtedness.

- **Expected impact on group operations.**

A year into the takeover it is advisable for companies to outline their hypothetical results for the period in the scenario without the takeover.

Should a listed company enter into an important **futures contract** (e.g. to purchase a holding in another company, which represents an important investment), **options contract** and **pre-emptive right contract**, it should comply with the following recommendations:

- time of publication – the company should inform the public of the concluded contract upon its conclusion or signing thereof (and not only upon its taking effect);
- content of publication – along with the general information (term of contract, purpose, etc.), the company should also state the value of the intended purchase, all special conditions of the contract and possibly also the manner of its financing.

Quality public announcements reassure the investment community that the management board works closely with the supervisory board on implementing the company's set strategy and promptly informs the public about it.

### Transactions with related parties

The proposal of the amendment to ZGD-1K (new Articles 281b to 281d of ZGD-1) pursuant to Directive 2017/828 transposes into the ZGD-1 the obligation of public companies to **publicly announce material transactions with related parties**.



Transactions with related parties are transactions or measures whereby an item or other property value is transferred in return for payment or free of charge or disposed of and are performed with related parties from the proposal of Article 218b (2) of ZGD-1. The Supervisory Board must give its prior consent to the transactions of the public company with related parties if the value of the transaction exceeds the statutory threshold (2.5 percent of the value of assets in the balance sheet from the last approved annual report). The consent of the Supervisory Board is also mandatory if the value of the transaction, together with the value of all transactions performed with the same party in the last twelve months, exceeds the stated threshold. When the company is required to prepare a consolidated annual report, the value threshold is determined by reference to the value of assets recorded in the consolidated balance sheet. The ZGD-1K proposal also sets out the decision-making process of the Supervisory Board on consent to transactions with related parties.

Transactions with related parties which require consent of the Supervisory Board must be **published immediately** by the public company (pursuant the Directive 2017/828 at the latest when the transaction is completed) in the manner prescribed by Article 11 of ZGD-1 (i.e. on the webpage of AJPES – Slovenian Business Register).

**The public announcement should include** all the essential information necessary to judge whether the transaction is appropriate from the point of view of the company and non-related shareholders. This includes at least information on the type of relationship of the company to the related party, the name of the related party, the date and value of the transaction. The company must also **publish this information on its website** and make it available for a minimum of five years from the date of publication of the transaction on the company website. The publication must be made in a way that allows the public easy access to the information.

The obligation to disclose related party transactions also applies, *mutatis mutandis*, to the parent company, in the event of transactions of subsidiaries with parties related to the parent company if the company were obliged to make it public in the event of the transaction with the company.

In accordance with the proposed Article 281d of ZGD-1 the publication of information is not required if the information is published as an inside information pursuant to Article 17 of Regulation (EU) No 596/2014 and this publication contains all required information. Article 17 (4, 5) of the Regulation shall apply *mutatis mutandis*.

### **Transactions with members of the management board**

The members of the management board of a public company are one of the categories of related parties and the legal arrangements referred to in proposed Articles 281a – 281d of ZGD-1 also applies to transactions performed by a public company with members of the management board or their family members. Moreover, the proposed Article 270a of ZGD-1 made the requirements even stricter by making the consent of the supervisory board mandatory for any transaction with a member of the management board, regardless of its value. This means that transactions with members of the management board of public companies are not subject to the value threshold referred to in Article 281c (1) of ZGD-1. This value threshold, however, does apply to the occurrence of a requirement to publish information on transactions under Article 281č of ZGD-1.

This arrangement applies, *mutatis mutandis*, also for company's transactions with members of the



supervisory board, executive directors and their family members (proposed new Articles 284a and 290 of ZGD-1).

### 3.4.3. Preliminary estimates of business results and forecasts

A listed company should publicly disclose:

- **Result estimates for past operations.**

It is advisable for companies to announce summary results of past operations (e.g. revenue estimate, profit for the period, EBITDA, assets, equity) in advance of formal announcements.

- **Result estimates for future operations and any deviations from plans**, when forwarding them to third parties prior to the publication of accurate data on business operations.

Companies should disclose their plans to the public despite uncertainty and despite the possibility that they might not realize them. Leaving investors in suspense and ignorance can cause greater damage than revealing plans for the future and later informing the public that due to certain objective circumstances plans have had to change. In the current economic situation, the public will show consideration. It is therefore of paramount importance that companies diligently amend their forecasts throughout the year and inform the public promptly of any potential changes whereby it is recommended that the companies clarify the validity of the published annual plan according to the realised interim results (i.e. the profit guidance). Withholding bad news and denying the impact of changed circumstances on operations diminishes the management's credibility. It is also unacceptable to inform the public selectively, releasing only positive information. The only way for a company to build trust and credibility is by communicating openly and honestly.

- The Exchange recommends that companies publish both operations forecasts for following years (strategies) as well as annual forecasts, as both have a significant yet different information value for the informed public. The former outline the company's general objectives and tell investors how the company plans to proceed into the future while the latter reveal their ongoing realisation.

### 3.4.4. Decisions and circumstances that have a significant impact on the company's capital structure

A listed company should, as soon as possible, notify the public of any decisions and resolutions and other circumstances which could have a significant impact on its capital structure and the valuation of its issued security, and which therefore constitutes inside information, such as:

- intended capital increase or decrease in the company or its associated companies;
- major changes in the structure of the company's funds;
- retirement of issued securities;
- issue of pre-emptive right to subscribe to new issues of securities, debt securities and other financial instruments;
- retirement of a listed debt security before its maturity;
- inability to fulfil obligations related to issued debt securities and inability to pay dividends;
- occurrence of reasons for action and adoption of measures pursuant to the Financial Operations,



Insolvency Proceedings and Compulsory Winding-up Act (ZFPPIPP).

### **3.4.5. Expected status-related changes of the company**

A listed company should, as soon as possible, notify the Exchange and the public of any intentions or decisions on its status-related changes and changes in its legal form of organisation, which constitute inside information, such as:

- merger (merger by acquisition or merger by forming a new company);
- division (split or spin-off);
- transformation into another form of company, etc., and
- other changed circumstances and events representing a change in respect to the data given in the listing prospectus and the company's subsequent announcements.

Regarding the status changes, the listed company should also follow the recommendation of the Slovenian Corporate Governance Code for Listed Companies and, upon convening the general meeting, the company provides understandable information about the consequences that the potential adoption of any proposed resolutions might have for the existing and potential shareholders, and substantiates why such resolutions should be adopted – either resolutions on changes of the company's articles of association (capital increase or decrease, waiver of existing shareholders' pre-emptive right, changes in the nominal value of shares, transformation of the type of shares) or resolutions on the company's corporate restructuring (division, merger, transfer of property, change in legal form of organization).

### **3.4.6. Publication of information that is not inside information**

As previously mentioned under 3.1., the decision whether a piece of information constitutes inside information or not is primarily at the discretion of the company and its judgement, whereby it must comply with the definition of inside information from Article 7 of Regulation MAR which comprises the following types of information:

- of a precise nature;
- which has not been made public;
- relating, directly or indirectly, to one or more issuers or to one or more financial instruments;
- which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.

Information on the company's regular activities that are part of ordinary business is not necessarily inside information. Given the company's forecasts and knowing the nature of its business, certain business information can be expected. In case of insurers, for instance, such information includes information on loss events, which represent a regular course of their activities and are therefore to be expected.

It should nevertheless be taken into account that in Slovenia the companies' real-life practice and the public have certain distinctive features. Media exposure of certain companies can inflict a negative public image on them and raise doubts over its success, having a related effect on investor decisions about trading in its shares. To prevent this the Exchange advises listed companies to act pursuant to Chapter 3.2. of these Guidelines in case of public speculations and rumours, and to thereby underline the fact that the announcement does not contain any inside information.



### 3.5. Handling inside information; rules and restrictions in trading a company's shares

Appropriate conduct of the company and its representatives when trading in the company's shares is one of the preconditions for ensuring an appropriate level of the company's transparency and its visibility.

Information on the purchase or sale of shares by the company's top management constitutes important information that can affect the price of its shares. Any inappropriate action when trading in the company's shares on part of the company's representatives prior to the respective public announcement makes the entire company look bad. Companies should therefore make sure to inform their employees, their other representatives, as well as any other persons that have access to inside information, about the company's rules on trading in the company's shares, their obligations under law and potential sanctions.

#### 3.5.1. Handling inside information

*List of persons with access to inside information – details in Article 18 Of Regulation MAR as well as in the Commission Implementing Regulation 2016/347<sup>14</sup>*

Handling inside information must be compliant with legal requirements, whereby the following should be considered:

- inside information must be published in the requisite manner as soon as possible;
- a company may adequately disclose information prior to publication, provided this is done confidentially. Disclosure is allowed to the following categories of persons:
  - company's consultants,
  - persons organizing the subscribing and funding of the company's new securities (underwriters),
  - main shareholders, lenders and credit rating agencies;
- a company must keep a list of persons that have access to inside information, whereby it is recommended that:
  - responsible persons are appointed to draw up and maintain the list,
  - insiders are informed about their legal obligations and potential sanctions,
  - organizational, technical, procedural and other requisite conditions are ensured to protect the confidentiality of information,
  - Rules on Restrictions of Trading are drawn up,
  - in cases of extraordinary events that cause certain persons in the company to gain access to inside information, task forces and efficient information barriers are set up (Chinese wall) to prevent information leakage.

#### 3.5.2. Rules on restrictions of trading in company shares

The Exchange recommends that companies draw up a **Code for Directors' Dealings**, stipulating restrictions of trading in the company's shares for members of the management and supervisory boards and for other persons with access to inside information.

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<sup>14</sup> *Commission Implementing Regulation 2016/347 laying down implementing technical standards with regard to the precise format of insider lists and for updating insider lists in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council.*



Clearly laid out rules in a company help the mentioned persons handle inside information correctly within requisite time intervals, and underline the company's diligence in ensuring transparent and fair disclosure and handling of inside information.

It is recommended that the **Code contain**:

- **Clearly defined closed trading windows** (time frames) within which trading in the company's shares is not allowed for persons stipulated by the Code.

Normally trading is not allowed ("closed trading window"):

- 30 days preceding the publication of:
- quarterly results (quarterly reports, pursuant to the Exchange Rules),
- half-year results (half-year report), and
- annual results (unaudited financial statements or the annual report);
- at any time during which a person has at their disposal inside information about the company, which has not yet been publicly disclosed.

- **Clear stipulations as to which persons the Code refers to.**

It should not refer to all employees, but instead to top management (management board, supervisory board and other management) and other employees given on the list of insiders. Persons closely associated with persons discharging managerial responsibilities should also be included.

Special emphasis should also be laid on restricting trading for legal persons associated with the respective company on account of their position or ownership, who therefore have access to the company's inside information.

- **Clear stipulations on the manner of informing persons to which the Code refers to**, in acting pursuant to the Code.
- **Clear stipulations on the possibility of allowed trading during a closed period**  
In accordance with Regulation MAR trading during a closed period is also allowed for persons discharging managerial responsibilities within an issuer (Article 19 (12) of Regulation MAR) either:
  - a) on a case-by-case basis due to the existence of exceptional circumstances, such as severe financial difficulty, which require the immediate sale of shares; or
  - b) due to the characteristics of the trading involved for transactions made under, or related to, an employee share or saving scheme, qualification or entitlement of shares, or transactions where the beneficial interest in the relevant security does not change;

and that the person discharging managerial responsibilities is able to demonstrate that the particular transaction cannot be executed at another moment in time than during the closed period (Article 7 (1) of Commission Delegated Regulation 2016/522).

Exceptional circumstances, which can be taken into account by the issuer when deciding whether to grant permission to proceed with immediate sale of shares during a closed period, shall be assessed on a case-by-case basis on the basis of a written request of this person insofar as there are exceptional circumstances as defined in Article 8 of Commission Delegated Regulation 2016/522.



Characteristics of the trading during a closed period are defined in more detail in Article 9 of the Commission Delegated Regulation 2016/522.

### 3.5.2.1. Trading in company shares by other insiders

In actions related to trading in a company's shares by the company's management or supervisory board and other persons that discharge managerial responsibilities, the following guidelines should be complied with:

- companies should draw up Rules on restrictions of trading in the company's shares,
- information on changes in the holdings of shares in the company's capital held by members of the company's management or supervisory board should be made public.

The Exchange recommends that listed companies publish information on changes in the holdings of shares in the company's capital held by members of the company's management or supervisory board in the time frames and manners stipulated by Section 2.7. of these Guidelines.

### 3.5.2.2. Trading in Company Shares by Associated Legal Persons

Restrictions of trading by legal persons that are associated with the listed company on account of their position or ownership and that therefore have access to inside information on the listed company are usually not seen as of particular importance. Rules on trading in company shares by these respective legal persons are therefore not widely known. Members of the company's supervisory board can simultaneously be the employees of another company or sit on another supervisory board, which is why restrictions of trading for these persons as natural persons are insufficient. **The Exchange hereby stresses to listed companies the importance of laying down rules on trading in company shares by companies (legal persons) associated with the above natural persons.**

### 3.5.2.3. Listed Company's Trading in Own Shares

*Prohibitions of insider dealing and of unlawful disclosure of inside information and market manipulation under stipulated in Articles 14 and 15 of the Regulation MAR do not apply to trading in own shares in buy-back programmes where:*

- the full details of the programme are disclosed prior to the start of trading;
- trades are reported as being part of the buy-back programme to the competent authority of the trading venue in accordance with paragraph 3 and subsequently disclosed to the public;
- adequate limits with regard to price and volume are complied with; and
- it is carried out in accordance with the objectives referred to in paragraph 2 and the conditions set out in this Article and in the regulatory technical standards referred to in paragraph 6.

*In order to benefit from the exemption provided for in paragraph 1, a buy-back programme shall have as its sole purpose:*

- to reduce the capital of an issuer;
- to meet obligations arising from debt financial instruments that are exchangeable into equity instruments; or
- to meet obligations arising from share option programmes, or other allocations of shares, to employees or to members of the administrative, management or supervisory bodies of the issuer or of an associate company.



*In order to benefit from the exemption provided for in Article 5 (1) of Regulation MAR, the issuer shall report to the competent authority of the trading venue on which the shares have been admitted to trading or are traded each transaction relating to the buy-back programme, including the information specified in Article 25(1) and (2) and Article 26(1), (2) and (3) of Regulation (EU) No 600/2014 (Regulation MiFIR).*

*(Article 5 (1 – 3) of Regulation MAR).*

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**Obligations of issuers regarding disclosure and reporting in buy-back programmes** are explained in more detail in chapter 2.4.2

### **Conditions for trading**

*In order to benefit from the exemption provided for in Article 5 (1) of Regulation MAR, the following conditions for trading stipulated in Article 3 of Commission Delegated Regulation (EU) 2016/1052 need to be met:*

- transactions relating to buy-back programmes shall meet the following conditions
  - the shares shall be purchased by the issuer on a trading venue where the shares are admitted to trading or traded;
  - for shares traded continuously on a trading venue, the orders shall not be placed during an auction phase and the orders placed before the start of the auction phase shall not be modified during that phase;
  - for shares traded solely on a trading venue through auctions, the orders shall be placed and modified by the issuer during the auction provided that other market participants have sufficient time to react to them.
- issuers shall not, when executing transactions under a buy-back programme, purchase on any trading day more than 25 % of the average daily volume of the shares on the trading venue on which the purchase is carried out, whereby the average daily volume shall be based on the average daily volume traded during either of the following periods:
  - the month preceding the month of the disclosure required under Article 2(1); such a fixed volume shall be referred to in the buy-back programme and apply for the duration of that programme;
  - the 20 trading days preceding the date of purchase, where the programme makes no reference to that volume.

### **Restrictions for trading**

In order to benefit from the exemption laid down in Article 5(1) of Regulation MAR, the issuer shall not, for the duration of the buy-back programme, engage in the following activities in accordance with Article 4 of Commission Delegated Regulation (EU) 2016/1052:

- selling of own shares;
- trading during the closed period referred to in Article 19(11) of Regulation (EU) No 596/2014;
- trading where the issuer has decided to delay the public disclosure of inside information in accordance with Article 17(4) or (5) of Regulation (EU) No 596/2014.

Paragraph 1 shall not apply where:



- the issuer has in place a time-scheduled buy-back programme; or
- the buy-back programme is lead-managed by an investment firm or a credit institution which makes its trading decisions concerning the timing of the purchases of the issuer's shares independently of the issuer.

Point (a) of paragraph 1 shall not apply if the issuer is an investment firm or credit institution and has established, implemented and maintains adequate and effective internal arrangements and procedures, subject to the supervision of the competent authority, to prevent unlawful disclosure of inside information by persons having access to inside information concerning directly or indirectly the issuer to persons responsible for any decision relating to the trading of own shares, when trading in own shares on the basis of such decision.

Points (b) and (c) of paragraph 1 shall not apply if the issuer is an investment firm or credit institution and has established, implemented and maintains adequate and effective internal arrangements and procedures, subject to the supervision of the competent authority, to prevent unlawful disclosure of inside information by persons having access to inside information concerning directly or indirectly the issuer, including acquisition decisions under the buy-back programme, to persons responsible for the trading of own shares on behalf of clients, when trading in own shares on behalf of those clients.

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With respect to transactions in own shares, the Exchange's guidelines refer to two main areas, along with, of course, the general obligation to comply with the corporate legislation in force from time to time:

- **Preventing market manipulation and prohibition of trading**

Companies are advised to carry out buybacks of own shares by complying with the prohibition of insider dealing and the prohibition of market manipulation, and by fully abiding by the conditions for applicability of exemptions pursuant to the provisions of Regulation MAR.

- **Equal treatment of shareholders**

The Exchange recommends that the company acquiring or disposing of own shares observe the principle of equal treatment of shareholders and comply with the stipulations on the shareholders' pre-emptive right, proportionate to their holding in the company's capital.

Ensuring that the principle of equal treatment of shareholders works in practice is easiest if the company carries out buy-backs of own shares in compliance with a buy-back programme, as laid down in detail in Regulation MAR, whereby it is recommended that such a programme be implemented by an independent expert and not necessarily the company's management.

The company can comply with this principle also through prompt, comprehensive and non-misleading disclosure of significant information on the buy-backs of own shares, to all shareholders in the same manner.

The Exchange recommends that the listed company inform the public also about the management board being granted the authorization to manage the company's own shares, as well as that it carries out transactions in own shares observing potential closed trading windows.



The Exchange recommends that the companies reduce the risk of suspected market abuse by:

1. Adopting and publicly disclosing buy-back programmes in accordance with the Regulation MAR or at least taking a position on all areas regulated by this Regulation MAR;
2. Documenting in detail and disclosing the arrangements where they deviate from the provisions of the Regulation MAR;
3. Planning possible deviations or specifics of the buy-back arrangement in such a way that they have no significant impact on the functioning of the market and market participants can easily comprehend the effects of these activities and can appropriately adjust their decisions and actions;
4. Promptly and in accordance with Regulation MAR disclosing executed transactions.

In the remainder some more detailed guidelines on buy-back of own shares are provided, mainly in terms of reducing the suspected market abuse and protecting the interests of shareholders and investors:

- Buy-back programme should include a quantitative and price definition of the objectives of the buy-back, a time period of the buy-back as well as the intended method of the buy-back.
- Price definition should be determined beforehand for the maximum and minimum possible price of the acquired own shares during the entire period, it is best positioned as a multiple (or percentage) of the earnings per share or book value per share; over a longer period the current values published by the issuer can be used as a reference.
- Buy-back can be executed through an organised market, through block-trades or over-the-counter.
- Insider trading suspicion is low or null if the programme provides that:
  - the issuer does not give independent orders on the market and does not enter into individual negotiations regarding trade execution;
  - the issuer issues a well-defined mandate for the buy-back of shares to one or more investment firms (stock exchange member firms) in a manner which ensures that the issuer has no influence over individual transactions,
  - individual provisions of the programme or mandate to the greatest possible degree follow the conditions of the Regulation MAR regarding the entry and execution of orders.
- Buy-back programme is not executed at a time of closed trading windows for insiders except when it is executed through a defined mandate and the investment firms do not have a status of an insider.
- In buy-backs also the aspect of economy of purchases needs to be taken into account (where also a relevant decision by the general meeting of shareholders is important), which can be difficult to establish in buy-backs through individual purchases.
- The investment firms which participate in the defined mandate of a buy-back should take a position regarding the existence of a potential conflict of interest due to other investment services, which they perform.

The Exchange recommends the issuers buy-back their own shares within the framework of a programme and a well-defined mandate issued to an investment firm. In the event of a daily trading on the organised market through orders, the issuers should on a daily basis or before an individual trading instance define only the daily allowed volume which should follow the provisions of the Regulation MAR.

In the event that an issuer wishes to obtain a volume of own shares larger than is possible according to market liquidity and Regulation MAR, the issuer is advised to buy shares through block-trades, which are obtained through collection of bids (auction), and for which they should issue a mandate to an investment firm with a pre-defined equal treatment conditions for which bids shall be accepted and in which order they shall be considered. The auction should not be executed during closed trading window and should be



executed in a relatively short period after all information, which enables equal participation of all interested shareholders, is disclosed. Execution of auctions is discouraged in cases when the disclosed results of the company deviate significantly from previous forecasts and plans of the company, irrespective of whether they deviate positively or negatively.

#### 4. FINANCIAL CALENDAR<sup>15</sup>

The company's calendar of announcements related to its corporate events (e.g. AGM) and most important annual periodic disclosures is of immense importance both for investors and the expert public. This is a well-established practice, which helps investors and the expert public to be informed of the company and helps the company build its profile and credibility.

The Exchange therefore recommends that companies draw up a calendar of announcements anticipated for release during the following financial year – the so-called financial calendar – and post it publicly. The financial calendar should give the dates of anticipated release of at least the following announcements and events:

- periodic reports (annual, half-year, interim),
- AGM,
- record date (establishing entitlement to dividends),
- dividend payment date, and
- additionally (recommended): preliminary results.

As a best practice guideline, the Exchange recommends that companies also state »silent periods« in the financial calendar. For details see 8.2.

If the company cannot put down the exact date (of publication) at the time of posting calendar, they should put down the week of anticipated release. The exact date must be added into the calendar as soon as it is determined.

The company should post its financial calendar on its publication venue (and its website) at least one month prior to the beginning of the financial year it refers to (if the financial year coincides with the calendar year, the financial calendar should be release in November at the latest).

If the company subsequently changes the published financial calendar (date), it should inform the public thereof without hesitation in the same manner in which the calendar itself had been made public. In such an event the company should not only post the changed piece of information but the entire updated financial calendar.

#### 5. USE OF ENGLISH LANGUAGE <sup>16</sup>

*If the Republic of Slovenia is the home Member State of the public company and its securities are admitted to trading only on the stock exchange market, regulated information must be published in the Slovene*

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<sup>15</sup> This Chapter is binding for Prime Market Issuers.

<sup>16</sup> Pursuant to the Exchange Rules, this Chapter of the Guidelines is binding for the LJSE Prime Market issuers.



language.

*If the Republic of Slovenia is the home Member State of the public company and the securities are admitted to trading on the stock exchange market and on a regulated market in another Member State, the publication of regulated information must be in:*

- *the Slovene language and*
- *subject to the decision of the public company, in a language accepted by the supervisory authorities of the host Member State or in a language customary in the sphere of international finance.*

*If the securities were admitted to trading on a regulated market without the consent of the public company, the obligations shall not apply to the public company but to the person having applied for listing.*

*If the Republic of Slovenia is the host Member State, the regulations of the public company's home Member State shall apply as to the language used for the publication of regulated information. (Article 157 of ZTFI-1)*

EU reporting and disclosure standards, which were transposed into Slovene legislation, enable greater transparency of operations in companies as well as facilitate comparison of companies from different countries. Additionally, publications in the language of international finance widen the companies' foreign investor base.

The Exchange recommends the listed companies inform the public in Slovene as well as in English, so as to ensure uniform informing of investors as well as increase transparency of operations. The Exchange recommends that **companies inform the domestic and international public simultaneously**.

The Exchange has noticed that many listed companies publish English translations of their entire announcements. This is of course recommended, but should not impede the speed of publication. The Exchange therefore recommends that, for purposes of ensuring simultaneous publications in Slovene and English and due to possible time pressure, companies publish their Slovene announcements in full and only their brief summaries in English; English summaries can contain only the gist of the full Slovene publication (only keywords or financial categories are sufficient).

In such circumstances companies:

- should simultaneously publish their Slovene announcement and the corresponding English announcement that contains core information (only keywords or financial categories are sufficient),
- may later supplement the English announcement with additional text or even publish a full translation of the Slovene announcement.

The Exchange recommends that all English announcements that are not full translations of corresponding Slovene announcements contain:

- a notice stating that English announcements are of an informative nature only
  - All announcements in the English language are for information purposes only.
- a notice regarding additional information:
  - *For the entire press release/announcement use the link (below) – (info: links).  
More/additional information: Info e-mail (contact info: name, surname, telephone no., fax no.)  
For further details/information, please contact (contact info: name, surname, phone no., fax no.).*



## 6. STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE<sup>17</sup>

*Companies which are subject to audit shall include into their business report a statement on the management of the company. The statement shall constitute a special chapter in the business report and shall contain at least the following:*

- *statement of:*
  - *the corporate governance code the company abides by, and where it is publicly available,*
  - *the corporate governance code the company voluntarily acceded to, and where it is publicly available, and*
  - *all relevant information on company management that exceeds the requirements of this act, and where an outline of its management policies is publicly available*
    - *data from points 3, 4, 6, 8 and 9 of par.6 of Article 70 of ZGD-1;*
- *the extent of deviation from corporate governance codes under indents 1 and 2 of the previous item, whereby the company must explain which segments of the code it does not comply with and why. If the company does not comply with any of the corporate governance code stipulations, an explanation must be provided;*
- *description of the main characteristics of the company's internal control systems and risk management systems as related to the process of financial reporting;*
- *information from points 3, 4, 6, 8 and 9 of par.6 of Article 70 of ZGD-1;*
- *description of the operations of the company's General Meeting and its key competences, as well as an outline of the rights of employees and how to enforce them;*
- *information on the composition and operations of management and supervisory bodies and their committees.*
- *A company may publish its statement of management as a separate report or together with the annual report. In the latter event, the company's business report shall state where the statement of management is available in the company's electronic medium. In case of the statement of management as a separate document, it may contain reference to the business report, which contains the information required under Item 4 of this paragraph.*

*(Par. 5 of Article 70 of ZGD-1)*

### 6.1. Publication

The Exchange recommends that listed companies publish their statement of compliance with a corporate governance code separately and make it publicly available on their website. The statement of compliance with the CG Code is a component part of the statement of management, which companies must include

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<sup>17</sup> Pursuant to the Rules, this Chapter is binding for the LJSE Prime Market issuers.



into their annual reports, pursuant to Article 70 of the Companies Act ZGD.

Given the above, the Exchange shall consider companies to have complied with its guidelines on the publication of the statement of compliance with the CG code if they publish their corporate governance statement, which is an integral part of the annual report and also includes the statement of compliance with the corporate governance code, separately. Listed companies therefore need not publish their corporate governance statements and their statement of compliance with the CG code as documents separate from each other.

## 6.2. Publication deadline

Companies should publish their statement of compliance with a code not later than upon publishing their annual report summary (or annual report).

## 6.3. Content of publication

### 6.3.1. Selecting a corporate governance code

The Exchange recommends that listed companies comply with the Slovene Corporate Governance Code for Joint Stock Companies. Should the company's home Member State not be Slovenia, it is free to select another corporate governance code to follow.

Like the codes of other Member States, the Slovene Corporate Governance Code for Joint Stock Companies is subject to change and adjustment relative to the legislation in force from time to time, EU guidelines and business practices of joint stock companies. It is therefore important that when stating the particular code that the statement refers to, the company also gives the date the respective code was adopted.

Should the selected code be amended in certain provisions so as to cause non-compliance of the company's operations with them, the Exchange recommends the company state this in its statement, saying it is fully compliant with the provisions of the previous code but that amendments of the code caused certain discrepancies. The statement should then list these discrepancies and explain them.

### 6.3.2. Period to which the company's statement refers to

In each statement companies should state the period to which it refers. The Slovene Companies Act ZGD-1 stipulates that the statement of compliance with a code is a component part of the annual report. The statement therefore refers to the company's system of corporate governance from the beginning to the end of the financial year past.

The Exchange advises that listed companies publish their statements separately and not later than upon publishing their annual reports. As much as four months can therefore pass between the end of the accounting period and the publication of the statement. Since the central function of the statement is prompt informing of investors on the coherence of the company's corporate system and its operations, the Exchange advises that companies state in their statements if any changes occurred between the end of the accounting period up to the publication of the statement, and explain the new deviations.



## 6.4. Other announcements in accordance with the Slovenian Corporate Governance Code for Listed Companies

Good corporate governance practice, as recommended by the Slovenian Corporate Governance Code for Listed Companies, is also represented by the following announcements or disclosures made on the company's website:

- **Corporate Governance Policy**, which is drawn up and adopted by the management board, together with the supervisory board, and lays down the major guidelines of the company's corporate governance (point 2 of the Code);
- **Diversity Policy**, which is drawn up and adopted by the management board, together with the supervisory board, and defines target diversity pursued with respect to the representation in management and supervisory bodies from the perspective of age, education or other personal characteristics of the members as appropriate for the company with regards to its characteristics (point 4 of the Code);
- **Statement of Independence of the Members of the Supervisory Board**, in which they declare themselves on their meeting of the criteria of conflict of interest (point 11 of the Code).

### 6.4.1. Signatory of the statement

*Article 60 a of ZGD-1B:*

*The annual report and its components must be signed by all members of the company's management.*

The Exchange recommends that a company's statement of compliance with the code be signed by not only the company's management but its supervisory board as well, since the content of the statement is the responsibility of both bodies.

### 6.4.2. Comply or explain

If the company is fully compliant with all the provisions of a code, it should stress this explicitly. Otherwise it should – in line with the comply-or-explain principle – list the provisions of the code with which its system of corporate governance is non-compliant and explain the deviations, as well as outline its alternative practices.

## 7. DISCLOSURE BY BOND ISSUERS

*Obligation concerning information for the holders of debt securities listed on a regulated market:*

*A public company whose debt securities are listed on a regulated market must treat equally all the holders of its debt securities that are in equal relationship with the company, regarding all the rights under those securities.*

*A public company must ensure that its home Member State can provide accessibility to adequate equipment and information needed for exercising the rights arising from debt securities, and that appropriate integrity of data is guaranteed.*

*In order to fulfil its above obligations, a public company must, in particular:*



- *provide its shareholders with the following information in relation to each general meeting:*
  - *place, time and agenda of the general meeting,*
  - *payment of interest; and*
  - *any exchanges, subscriptions or cancellation of rights and redemption, as well as the holders' rights to take part in these actions,*
- *provide all persons entitled to vote at the general meeting with the proxy form for exercising their voting rights, in written or, in the case referred to in Article 131, par. 5 of ZTFI-1, in electronic form, together with the notice on the convocation of the general meeting or upon request by the holder after the convocation of the general meeting has been published,*
- *appoint a financial institution as the payment agent, through which holders of debt securities may exercise their property rights arising from the respective debt securities.*

*Should only those shareholders need to be invited to the AGM whose debt securities are each worth at least EUR 100,000 or an amount in another currency that corresponded to at least EUR 100,000 upon issue, the public company may choose to convene the AGM at a venue in any Member State, insofar as requisite equipment and information are available there which are needed for the respective holders to exercise their rights.*

*The preceding paragraph applies also to holders of debt securities admitted to trading on a regulated market in the EU before 31 December 2010 whose debt securities are each worth at least EUR 50,000 or an amount in another currency that corresponded to at least EUR 50,000 upon issue until the expiry of the period of validity of these debt securities.*

*The public company may send holders of debt securities information by using electronic means, if such was the decision passed by the general meeting of these shareholders and if the following conditions are met:*

- *the use of electronic means may not depend on the place of the shareholder's registered office or residence or of that of the person entitled to exercise*
- *voting rights;*
- *appropriate identification procedures must be ensured, which enable the holders of debt securities or another person authorised to exercise voting rights to actually receive the notice;*
- *the public company must ask in writing the holder of debt securities for the authorization to mail it information through electronic channels. The holder of debt securities that granted its consent to receive information through electronic channels may, at any later time, request to be sent information in writing in the future;*
- *a public company shall distribute the costs arising from the mailing of information via electronic channels in accordance with the principle of equal treatment of holders of debt securities, referred to in Article 153 (1) of ZTFI-1. (Article 153 of ZTFI-1)*

Issuers' disclosure is a prerequisite for investors to be able to make informed investment decisions. Decisions on whether to buy or sell equity securities are made on different bases than those on whether to buy or sell or debt securities, which is why disclosure of issuers of equity and debt securities has different implications.

The Exchange advises that bond issuers additionally (aside from statements of operations – the annual and half-year reports, see Sections 2.1. and 2.2. of the Guidelines) disclose to the public all the information that



could have a significant – direct or indirect – influence on the bond price or the company’s ability to meet liabilities from bonds (price sensitive information), such as:

- all circumstances and facts that could have a significant influence on the company’s solvency or ability to meet liabilities from securities issued (all loans raised, guarantees and other security, and other circumstances that could have a significant influence on the company’s ability to meet liabilities from bonds),
- changes of rights from bonds (especially changes of the conditions given in the bond prospectus upon issue, change of the interest rate, late payment, non-payment of interest or principal),
- in case of convertible and preferred bonds, any change of rights from shares that can be obtained from these bonds,
- decisions on early payment of bonds,
- the company's acquisition of bonds,
- beginning of trading in the shares on another regulated market,
- merger, division, dissolution of the company.

Should a company be the issuer of shares as well as bonds, it should comply with the provisions on disclosure for issuers of shares.

## 8. HOME MEMBER STATE

A public company which, in accordance with point 2 of paragraph 2 and paragraphs 3 and 9 of Article 126 of ZTFI-1, selects a home Member State is obliged to inform the Agency of its selection, if:

- the public company has its registered office in the Republic of Slovenia;
- it has selected the Republic of Slovenia as the home Member State;
- the Republic of Slovenia is the host Member State.

The public company notifies the Agency of the selection of the home Member State on the standard form annexed to the Agency's decision.

No later than on the third day after notifying the Agency, the public company also notifies the public by publishing the same information as it has provided to the Agency in the manner prescribed by ZTFI-1 for the publication of regulated information. (Article 3 of Decision on more detailed notification rules for the selection of home Member State as regards the obligation to disclose regulated information)



## 9. INVESTOR RELATIONS, AND RELATIONS WITH THE MEDIA AND ANALYSTS

### 9.1. Corporate Websites

A company's website is not only an information distribution and data archiving tool but possibly an interactive communication tool, in which case it needs an appropriate design.

Corporate websites targeted at investors should have mobile versions, RSS feeds, forms and other tools enabling two-way communication.

The company's financial highlights should be singled out as appropriate and presented so that people understand them and can make comparisons. It is recommended that companies set up a so-called "stock monitor", a financial hub for investors with all the relevant delayed market data, stock data and comparable data from competitors, index data.

The Exchange recommends that, for the purposes of analysts and the media, companies post on their websites the following:

- on-line presentation for investors (webcasts, podcasts),
- archive of presentations,
- analytics reports from main international data portals such as Bloomberg and Reuters,
- all information provided to analysts in the form of Q/A.

### 9.2. Meetings with analysts and investors

It is very important to maintain permanent and attentive relations with domestic and foreign investors and analysts. Companies should host meetings with analysts and investors or take part in such events organised by others. They should provide factual, clear information there, not clichés, of course minding about equal informing of investors.

The Exchange recommends that in communicating with analysts, investors and the press regarding their results companies use the »**silent period**« system. This is a period, usually a fortnight, immediately before an operations report is released, when companies should not hold meetings with the press or analysts nor release information about their results into the public in another way.

### 9.3. Company representatives giving interviews

Listed company representatives often face questions from reporters, which can be incorporated into the companies' public communication strategy and as such into its overall corporate strategy. In devising these strategies, it is necessary to remember the importance of the equal informing of investors, shareholders and the wide public on inside information. A listed company is obliged to treat all stakeholders equally, which is possible only if it publishes its announcements at a single publication venue. Providing inside information selectively through statements to individual reporters is impermissible, discriminatory and results in unequal informing, which can consequently lead to inside dealing.

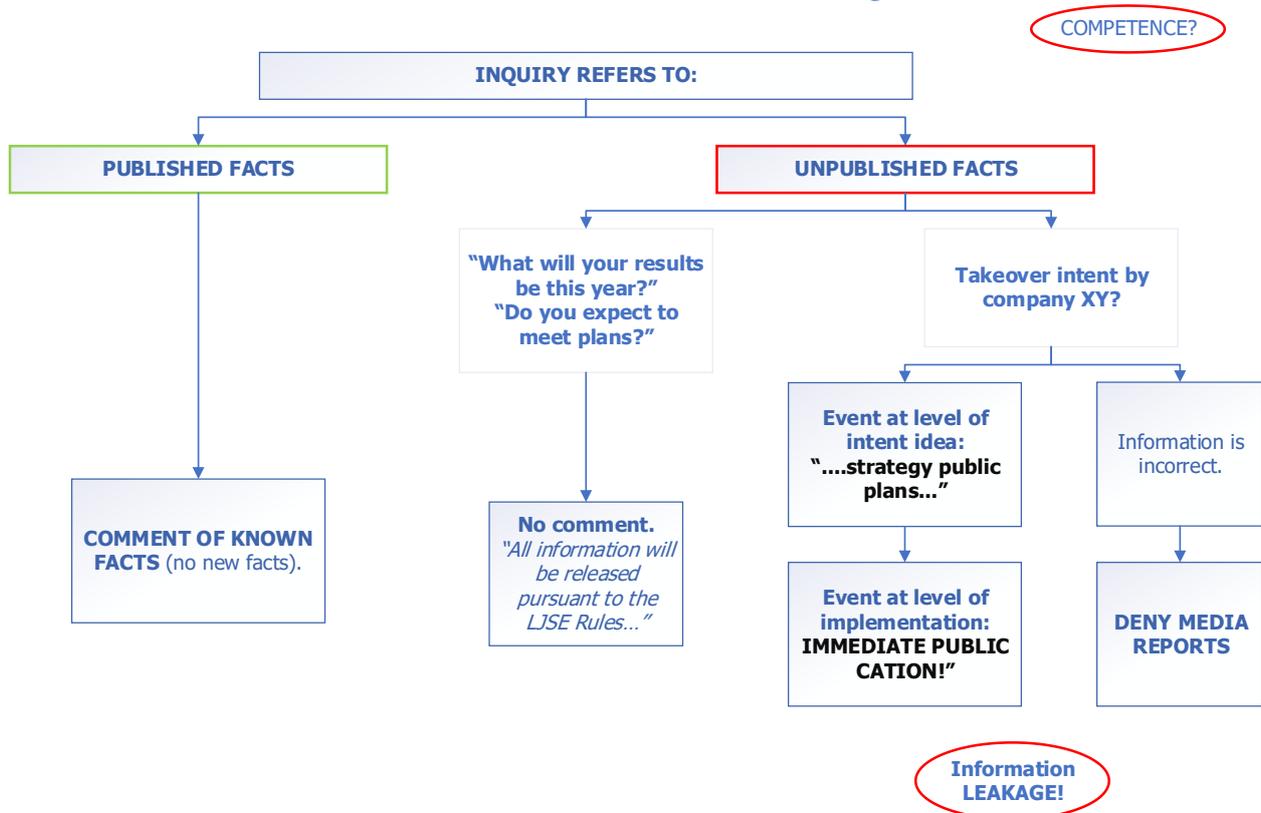
The Exchange advises that companies organise communications with the media well, and additionally recommends that the company's top management, who are authorized to pass statements to reporters, act



as follows:

- It is allowed and even recommended to comment on already published information and to dismiss claims of a speculative nature – insofar as this complies with the company’s chosen communication strategy.
- It is impermissible to comment on or pass on price sensitive information to reporters if this information has not yet been disclosed in the requisite manner. The Exchange hereby stresses that even “mild” comments can be very eloquent and are therefore in such cases impermissible (e.g. »this year’s results are better than last year’s«, etc.).
- A reporter may ask about a company’s e.g. penetrating new markets, takeover activities, etc., whereby their question is specific and refers to a specific situation (e.g. a specific takeover target). If this is in fact envisaged in the company’s strategy for the future, the company cannot dismiss the question as a speculation without grounds. It would be best to provide some general information on the company’s strategy and plans for the future, which might incorporate the case asked about as part of a whole (provided, of course, that this strategy had already been publicly disclosed in the requisite manner).

## HOW TO REACT TO MEDIA INQUIRIES?





## 10. LISTED COMPANIES AND OTHER INTEREST GROUPS

Companies should develop good communication strategies with the representatives of all interest groups and make sure they protect mutual business secrets as well as maintain good business practices with all of them (Code 3.1.).

In making decisions, companies study and take into account the legitimate interests of all stakeholders, especially employees. Information about decisions directly affecting a group of stakeholders is communicated to the relevant group provided this information does not constitute business secret or inside information (Code 3.2.).

The Exchange advises that within the framework of communicating with interest groups, listed companies specify into detail how information that constitutes inside information appears and should circulate within these groups, underlining to them the fact that they are a public listed company.

## 11. ADOPTING THE GUIDELINES, AND EFFECTIVE DATE

These Guidelines were adopted by the Exchange Management Board at its meeting on 19 August 2019.

They will be posted on the Exchange website and will take effect and enter into force on the fifteenth (15<sup>th</sup>) day following their publication, unless the Exchange decides otherwise, when in special cases due to justified reasons it stipulates an earlier effective date.

These Recommendations enter into effect and use on 2 September 2019 in order to align the date with the entry into effect and use of the General Conditions of the Ljubljana Stock Exchange for the provision of SEO and INFO STORAGE Services.

On the day these Guidelines take effect, the Guidelines on Disclosure for Listed Companies as at 8 May 2017 shall terminate.

Ljubljana, 19 August 2019

Ljubljana Stock Exchange Management Board

Nina Vičar, MSc  
Member of the Management Board

Aleš Ipavec, MSc  
President of the Management Board