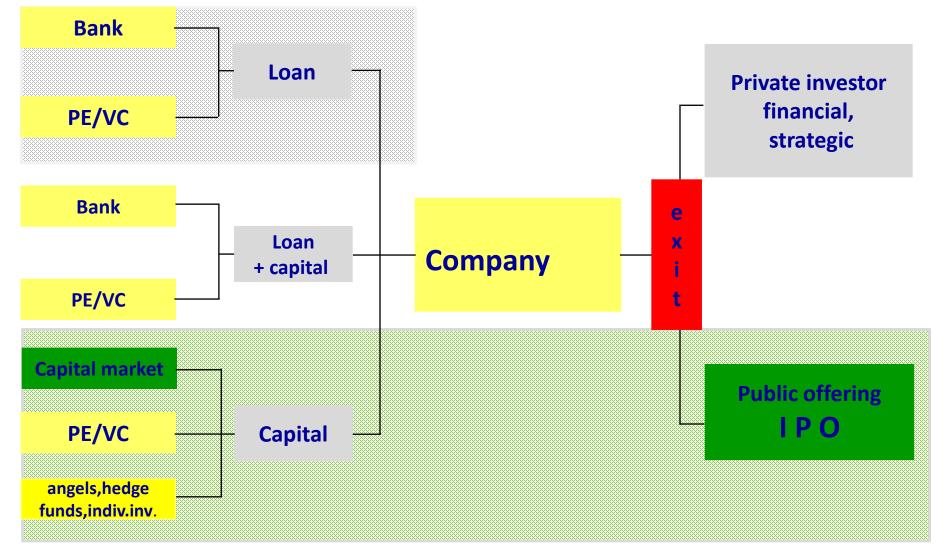


#### **Bratislava Stock Exchange**

#### **Capital market – the source of money**

March 2021

# Forms of financing (simplified scheme)



# Stock Exchange – the institution of the capital market

DEMAND		SUPPLY
Company	PRIMARY MARKET	Investor
	Stock Exchange	
lssuer	SECONDARY MARKET	<u>Shareholder</u> Owner of securities

# Financing through the Stock Exchange Advantages vs. Disadvantages

- Obtaining non-repayable financial resources for development without restrictions (own capital)
- Access to cheaper debt financing
- Prestige and transparency for investors and financing banks (in the case of combined financing) including reputation abroad
- Media and marketing tool for clients and the general public
- Competitive advantage in the given business sector
- Higher liquidity allowing investors to sell shares more easily
- Tax advantage for investors (compared with financing through securities that are not traded on the Stock Exchange)

- Higher cost of administration as regards the securing of financing, and more timeconsuming process (compared to loanbased financing)
- The risk that the required amount of financial means will not be obtained
- The loss of certain capital values due to underestimation of the issue price
- High demands on transparency (financial reporting, corporate governance, risk management, supervision)
- Disadvantages connected with the exercise of investor rights (administration related to the payment of dividends, organisation of general meetings)

### **Stages and time schedule of IPO**

Process							R	ea	ali	sa	iti	Ο	n	pe	er	io	d	( <b>)</b>	M	ee	ek	s)					
Consultations with advisors	1	2 2	3 3	4 ! 4	56	5	7	89	10	11	12	13	14	15	16	17	18	19	20	21 2	.2 2:	3 24	25	26	27 2	8 29	30
Decision of the management				4					T																		
Selection of advisor				4	5																						
Due diligence					6	5	7	8 9	10	11	12	13															
Internal evaluation									T			13	14	15	16												
Preparation and realisation of the general meeting								9	10	) 11	12	13															
Preparation of the prospectus												13	14	15	16	17	18										
Approval of the prospectus at the National Bank									T								:	19	20	21 2	22						
Meetings/discussions with BSSE																		19	20	21 2	22						
Preparation of strategy road show									T			13	14	15	16	17											
Preliminary marketing + PR activities																	18 :	19	20	21 2	22				T		
Road show				T					T												2	3 24			T		
Book-building									T														25		T		
Decision on the issue price																								26			
Repayment of the issue price																									27		
Admission of shares to BSSE																									27 2	8 29	30

# Direct subscription of shares (DLP/DPO) as an alternative to IPO

A cheaper alternative for companies interested in having their shares traded on a regulated market – it is not the company itself which sells the shares, the company shareholders do that instead which means that the financial means to finance the company are not obtained.

The company:

- Can carry out the entire process without external advisors (no need for selecting advisors and having consultations with them)
- Does not need to perform due diligence
- Sets the conditions of the offering the subscription price, the type of investor, the minimum value of investment per investor, the maximum number of shares one investor can subscribe, the start/end of the offering (a part of the prospectus of security).
- Book-building is replaced with internal evaluation; no price negotiations are needed as the company is not selling any shares
- Road show with the issue manager is replaced with a so-called "investor day" for potential investors (can be preformed on-line, for example)
- Marketing and PR activities (at own discretion)

#### **Markets of BSSE**



#### **Characteristic of the markets**

Listed market is designed for highest-value and most prestigious share issues of companies (also known as "blue chips"); both the issue and the issuer must meet stricter conditions for admission and trading (issue volume, market capitalisation, free float, the issuer's history, financial track record)

**Regulated free market** is designed for smaller companies with shorter history;

The issue and the issuer must meet legal requirements and conditions according to the Stock Exchange Rules for admission and trading

MTFMultilateral Trading Facility is a trading platform that allows trading<br/>primarily of the issues of securities which have already<br/>been admitted to trading on other markets (not suitable for<br/>IPO(DLP);The issue and the issuer must meet the minimum legal requirements<br/>for admission and technical requirements according to the Stock<br/>Exchange Rules for trading

# Basic conditions for admission of shares to BSSE's listed market

- Book-entry form
- Fungible
- Unlimited transferability
- Issued in conformity with the law of the country where the issuer's registered office is located
- Approved and published prospectus, unless the Stock Exchange Rules or a separate regulation stipulate otherwise
- Completed subscription
- Issue price has been paid
- Trading of shares in the Stock Exchange's systems is technically feasible
- Specific conditions for shares which are to be admitted to the market of listed securities
- Issuer has been assigned a valid LEI code

# Further conditions for admission of shares to BSSE's listed market

SHARES	Main listed market	Parallel listed market
Period of business activity (years)	3	3
Market capitalisation of issue	15 000 000 EUR	3 000 000 EUR
Free float (% of issue)	25 or Market capitalisation of the part of the issue distributed among the public is at least 5 000 000 EUR	25 or Market capitalisation of the part of the issue distributed among the public is at least 1 000 000 EUR

## Conditions

# for admission of shares to BSSE's regulated free market

- Book-entry form
- Fungible
- Unlimited transferability
- Issued in conformity with the law of the country where the issuer's registered office is located
- Approved and published prospectus, unless the Stock Exchange Rules or a separate regulation stipulate otherwise
- Completed subscription
- Issue price has been paid
- Trading of shares in the Stock Exchange's systems is technically feasible
- Specific conditions for shares which are to be admitted to the market of listed securities
- Issuer has been assigned a valid LEI code

#### Note:

MTF Securities can be included in the MTF list if they meet the conditions according to the Stock Exchange Act, separate laws and the Stock Exchange Rules (see above) and if the basic information about the securities and their issuers is well known to investors

### **Admission of shares to BSSE markets**

Listed market	Based on the application	of the issuer
		of a BSSE member authorised by the issuer
Regulated free marl	<pre>ket Based on the application</pre>	of the issuer
		of a BSSE member*
	Based on BSSE's decision*	
MTF	Based on the application	of the issuer
		of a BSSE member
	Based on BSSE's decision**	

\* if securities are being admitted without the issuer's consent, additional consent from the issuer is required
\*\* if the issuer's securities have been admitted to trading on a local or foreign, respectively, regulated market

# Application for admission of shares to BSSE's markets

The application must contain the following:

- Issuer's identification data (commercial name, seat, IČO, LEI) and identification data of the applicant (if different from the issuer)
- Information about the share issue (name, type, form, appearance, number, nominal value and total nominal value of shares, number and total nominal value of issued shares)
- ISIN, CFI a FISN codes
- Date and place of registration of shares, date of issue and the currency in which the shares are issued and in which they +will be traded
- Identification of a Stock Exchange/foreign Stock Exchange to the market of which the shares have been admitted before submission of the application
- Information about the prospectus and its supplements (approval, the manner and place of publication)
- Information about adherence to the Code of Corporate Governance
- Measures and sanctions imposed on the issuer by the supervisory body (1 year prior to submission of the application)
- The issuer's contact person and contact data of the person responsible for fulfilment of the information duty
- Statement on the completeness, accuracy, veracity, authenticity, provability and up-todateness of the submitted application including its annexes

# Annexes to the application for admission of shares to BSSE's markets

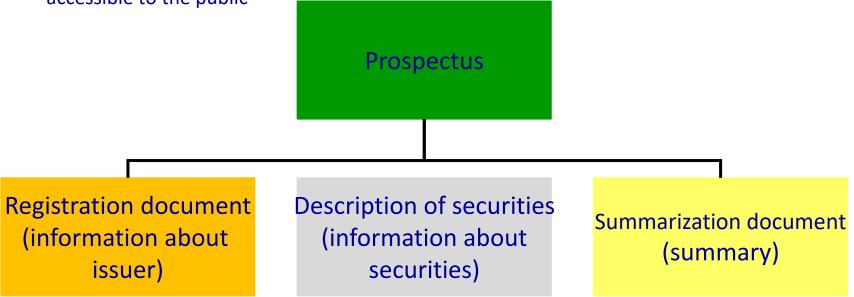
The applicant shall enclose the following with the application:\*

- Valid prospectus including supplements (unless separate regulations stipulate otherwise)
- Supervisory body's decision on approval of the prospectus and its supplements
- Proof of making the approved prospectus available to the public
- Extract from the issuer's register, or, respectively, extract of information on securities or other proof of subscription and issuance of the issue, proof of registration of the issue and assignment of ISIN and LEI codes
- Issuer's interim financial statements in full extent (dated not more than 3 months before submission of the application)
- Articles of association, a memorandum of association, a founding agreement or a founding charter
- Extract from the Business Register
- Power of attorney or proxy's authorisation from the issuer (if the issuer acts through a proxy)
- Decision of the issuer's competent body to issue the shares

<sup>\*</sup>BSSE may require further information and documents

### **Prospectus of security**

- Provides investors with information about the issuer of a security, based on which the investor decides whether or not to buy the security. The issuer must disclose all relevant information in the prospectus.
- Particulars in relation to §120 and following paragraphs of the Securities Act are set out by the REGULATION (EU) 2017/1129 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC
- Prospectus is approved by the competent supervisory body and the issuer must make it accessible to the public



## **Approval of prospectus of security**

National Bank of Slovakia shall approve:

- A prospectus or, respectively, document forming the prospectus within 10 working days from submission of the application for its approval or, respectively, from supplementation of required information in the case that the draft prospectus does not meet the standards of completeness, comprehensibility and consistency; in the event of a frequent issuer, for a prospectus consisting of separate documents the period will be shortened to 5 working days
- A supplement to the prospectus within 5 working days from submission of the application for its approval
- A prospectus where the public offering includes securities issued by an issuer which has not had any securities admitted to trading on a regulated market and which has not so far offered securities publicly (the first draft only), within 20 working days from submission of the application for its approval

# Fees for approval of the prospectus of security

Approval of a prospectus of security prepared as a single document or a basic prospectus of security, if applied for by the issuer	650 EUR
Approval of a prospectus of security composed of separate documents as follows, if applied for by the issuer: 1. Registration document	
2. Summarization document	350 EUR
3. Description of securities	175 EUR
	175 EUR
Approval of a prospectus of security prepared as a single document, if applied for by an entity announcing a public offering of securities which (the entity) is not the issuer of the securities which are the object of the public offering, or an entity (which is not the issuer) applying for admission to trading on a regulated market	
	100 EUR
Approval of a prospectus of security composed of separate documents as follows, if applied for by the entity announcing a public offering of securities which (the entity) is not the issuer of the securities which are the object of the public offering, or an entity (which is not the issuer) applying for admission to trading on a regulated market:	
1. Registration document	
2. Summarization document	35 EUR
3. Description of securities	35 EUR
	35 EUR
Approval of supplement to a prospectus of security	20 EUR
Approval of supplement to a prospectus of security	20 EOR

### **BSSE's decision on the application**

- Decision is made by BSSE's Board of Directors within 60 days from submission of a complete application
- BSSE shall stay the proceedings concerning an application :

If BSSE has requested the applicant to remove deficiencies or to supplement the application or, respectively, the application annexes, based on the applicant's written request to stay the proceedings

 BSSE shall issue a written decision on the application and shall notify the applicant with such decision without undue delay

### **Information duties of issuers**

- The extent and form of information duties are standardised within the EU
- Information is sent to BSSE via the electronic information system BISE, by e-mail or in paper form

Regulated information	Information that the issuer must disclose according to the Stock Exchange Act and according to separate regulations
Price-setting information	Information necessary to ensure the problem-free trading of shares
MTF	Obligations only apply to issuers which have applied for inclusion of a financial instrument into the MTF list or, respectively, have consented to its inclusion

### **Regulated information**

Regulated information is primarily the following :

•Annual financial report including the auditor's report and statement (within 4 months after the end of the accounting period)

Semi-annual financial report (within 3 months after the end of the accounting period)

Annual report on payments to public authorities

Change in rights associated with various types of shares, including changes in rights associated with derivatives issued by the issuer itself which allow access to this issuer's shares

- Information on division and payment of dividends
- •Information on the issuance of a new share issue
- Changes in shares in the issuer's voting rights
- •Trading of own shares
- •Information on the total number of voting rights and the amount of registered capital
- Confidential information
- •Transactions of managers

## **Price-setting information**

Information necessary to ensure the problem-free trading of shares is primarily the following:

- Information about convening, the course and results of a general meeting
- Changes in the articles of association, the memorandum of association, the founding agreement or the founding charter
- Changes in personnel of the statutory bodies and top managers, changes in the entry in the Business Register
- Decision on a fusion, merger, division or termination of the company
- Payments of dividends (the amount of dividend per one share, the day of record, the date and manner of payment)
- Admission of the issuer's shares to trading on another regulated market
- Decision to end the trading of shares on the Stock Exchange or, respectively, a decision resulting in the end of trading of shares on the Stock Exchange
- Changes in the structure of capital, division of profits, changes in particulars or, respectively, termination of securities, the payment of yields, the number of owners of securities
- Changes in financial situation or the type of business

# Fees for admission of shares to the Stock Exchange markets

One-off stock exchange fee for admission of shares to the listed market, which (the shares) are being issued through an IPO and meet the conditions for their admission to the listed market without the possibility of granting an exemption from the admission criteria :	
Volume of market capitalisation	0 EUR
Minimum free float	
and a minimum number of owners of the issue	
Annual stock exchange fee for placement of a security on the main listed market	10 000 EUR
Annual stock exchange fee for placement of a security on the parallel listed market	4 000 EUR
One-off stock exchange fee for admission of a security to the regulated free market	3 500 EUR
Annual stock exchange fee for placement of a security on the regulated free market	700 EUR

#### **Members of BSSE**



#### Note

Please note that the facts presented herein are for information only, and, given the extent of the issue, cannot fully substitute the relevant legislation or the Stock Exchange Rules of BSSE. BSSE shall not be liable for any actions taken on the basis of the information contained herein without consultations with BSSE and other concerned entities.

