



Republic of Serbia Securities Commission

L A W

ON TAKEOVERS OF JOINT STOCK COMPANIES

(Official Gazette of RS, No 46/2006, 107/2009, 99/2011 and 108/2016)

*Please note that the following translation is provided for information purposes only.
The original Serbian text of the Law is binding in all respects.*

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I GENERAL PROVISIONS

Objectives and Application

Article 1

This Law shall apply to conditions and procedures for takeovers of joint stock companies with registered offices in the Republic of Serbia (hereinafter referred to as: the Republic), rights and obligations of participants in takeover procedures and supervision procedures over the implementation of joint stock company takeover procedures.

Definition of Terms

Article 2

Specific terms, in the context of this Law, shall have the following meanings:

1) Offeree company means a joint stock company in the context of the law that regulates companies, meeting at least one of the following requirements:

(1) Whose shares are traded on the regulated market or a Multilateral Trading Facility (hereinafter: MTF) in the Republic, in the context of the law governing the capital market;

(2) Having more than 100 shareholders on the last day of each of three successive months, and the total capital of at least EUR 3,000,000 in RSD equivalent;

2) Takeover bid means a public offer extended to all shareholders of the offeree company to acquire all voting shares, under the conditions and as provided herein;

2a) A takeover bid may be extended concurrently for the acquisition of preferred shares as well, in the context of the law governing companies (hereinafter: preferred shares);

3) Acquirer means a natural or legal person who acquires or has acquired voting shares of the offeree company;

- 4) Offeror means a natural or legal person who, under the conditions provided herein, has the obligation to publish a takeover bid (mandatory bid), or who intends to undertake a takeover and, with this purpose, publishes the takeover bid even though it is not mandatory under this Law (the voluntary bid); the management company may, on behalf of a voluntary pension fund or investment fund, be the acquirer or the offeror in the context of this Law, and it shall be subject to all provisions of this Law applicable to natural and legal persons, and the provisions of the laws that regulate investment funds and voluntary pension funds;
- 5) Voting shares means ordinary (or common) shares of an offeree company, in the context of the law governing companies (hereinafter: voting shares);
- 6) Shareholder of an offeree company means a lawful holder in the context of the law governing the capital market;
- 6a) The management bodies shall be the General Manager or board of directors, supervisory board, executive directors or executive board, i.e. executive and management board in banks;
- 7) Inside information means inside information in the context of the law governing the capital market;
- 8) Central Securities Depository and Clearing House (hereinafter referred to as: the CSD) is a legal person whose business operations and powers are regulated by the law that regulates the securities market and this Law;
- 9) The Securities Commission (hereinafter referred to as: the Commission) is a legal person whose powers are regulated by the law that regulates the securities market and this Law.

General Principles

Article 3

General principles of this Law shall be as follows:

- 1) All shareholders of an offeree company must be afforded equivalent treatment in the takeover procedure;
- 2) If a person acquires control of a company, other shareholders must be protected and have the option to sell their shares to the offeror under the same conditions;
- 3) Shareholders of an offeree company shall be fully, accurately and timely informed about the takeover bid, to enable them to reach a properly informed decision on the bid, define their interests and decide whether to accept or refuse the takeover bid;
- 4) In the course of the takeover procedure, the management board of the offeree company must act in the best interests of shareholders of the offeree company;

5) An offeror and the offeree company shall implement the takeover procedure within the shortest period possible, not to hinder the offeree company in the conduct of its affairs for longer than is reasonable;

6) An offeror and parties to the bid must not, by their action, cause any distortion on the market which may result in an artificial rise or fall in the security prices of the offeree company.

Acting in Concert

Article 4

Persons acting in concert shall be the persons who cooperate on the basis of an agreement, either express or tacit, either oral or written, aimed at acquiring voting rights, exercising voting rights in concert or frustrating the successful outcome of a bid of another person.

It shall be deemed that the following persons are acting in concert:

- 1) Members of the management bodies of companies, acting in concert;
- 2) Members of the management bodies and companies in which they are members.

Acting in concert, in the context of this Law, shall also be the action when a management company manages several investment funds or voluntary pension funds.

Persons shall also act in concert when one of them, indirectly or directly, exercises control over the other legal person or legal persons.

In the context of paragraph 4 of this Article, it shall be deemed that a natural or legal person exercises control over a legal person if it has:

- 1) Indirectly or directly, 25% or more of the equity capital of a legal person;
- 2) Indirectly or directly, 25% or more of voting rights at the general meeting of shareholders of a legal person;
- 3) The right to manage or direct the business and financial policy of a legal person, based on the powers granted by the articles of association, an agreement or contract;
- 4) Indirectly or directly, the prevailing influence on conducting business and decision-making process.

Companies shall act in concert, if they are mutually related in the context of this Law and in terms of the law regulating companies.

Likewise, natural persons shall be deemed to act in concert if they are spouses, parents and descendants, adoptive parents and adoptive children, guardians and wards

or ward descendants, relatives of up to a third degree of kinship in the side line, including the in-laws.

When ascertaining whether persons have acted in concert as referred to in paragraph 1 of this Article, the Commission shall take into special account the following circumstances:

- 1) Time or period in which the shares were acquired;
- 2) Place of acquisition;
- 3) Method of acquisition;
- 4) Provisions of the acquisition agreement;
- 5) Value of the acquired shares;
- 6) Transactions financing acquisitions of securities;
- 7) Proposals for appointment or release from office of the majority of members of management bodies.

Method of Acting in Concert

Article 5

Establishment of the relationship of concerting parties referred to in Article 4 of this Law shall be equivalent to the acquisition of voting shares.

Voting shares of the acquirer shall be added to the shares carrying voting rights of its concerting parties.

Where the obligation to disclose a takeover bid arises from the establishment of the relationship of concerting parties referred to in Article 4 of this Law, or where one of the persons acting in concert has acquired shares resulting in a takeover bid disclosure requirement, any of these persons shall publish the takeover bid under the conditions and as laid down herein, and it shall be deemed that the obligation to publish the takeover bid has been met, if the bid is made by any of the persons acting in concert.

In the case defined in paragraph 3 herein, the offeree company may not be the offeror.

Determining the Number and the Percentage of Voting Rights

Article 5a

When calculating the number of voting shares of an offeree company held by the offeror and the persons acting in concert, in accordance with this Law, the following voting shares shall be added into account:

- 1) Acquired by such persons;
- 2) Which the persons have transferred to a third person as collateral, unless the person has been authorized to independently exercise the voting rights stemming from the shares;
- 3) With respect to which the persons have the right of usufruct;
- 4) Which the offeror may acquire by virtue of an expression of will, as for example a call option;
- 5) Entrusted to these persons serving as proxies, if they may exercise independently the voting rights arising from the shares at their discretion and in the absence of specific instructions from the shareholders;

For the purposes of this Law, the percentage of shares carrying voting rights in an offeree company shall be calculated relative to all shares of the offeree company issued as shares with voting rights, including own shares of the offeree company and shares with respect to which exercising of voting rights is prohibited or restricted by law or a legal transaction.

For the purpose of paragraph 1, point 1) of this Article, it shall be deemed that the voting shares have been acquired in the following way:

- 1) On the day of conclusion of transaction, when the shares are acquired on the regulated market or MTF;
- 2) On the day of entry into the proprietary account of the CSD;
- 3) When relevant, on the day of conclusion of the legal transaction or when another legal grounds for the transfer of shares occur, regardless of the moment of transfer in the CSD, and regardless of the fact that a legal transaction has been concluded under a suspensive condition.

Under the same conditions, the offeror and the persons acting in concert with the offeror shall be deemed to have acquired voting shares even when instead of shares they acquire depository receipts representing ownership of a number of shares of the offeree company. When acquiring such receipts, the provisions of paragraph 1, point 4) of this Article shall apply accordingly.

Obligation to Launch a Bid

Article 6

Where a person, as a result of their own acquisition of voting shares of the offeree company or the acquisition by persons acting in concert with such person, be it directly or indirectly, which added to the existing holdings of shares already acquired

give the person more than 25% of the voting shares of the offeree company (control threshold), such a person is required to make a takeover bid.

After exceeding the control threshold and making a takeover bid in accordance with paragraph 1 of this Article, or after launching a takeover bid in accordance with Article 8, paragraph 7 of this Law, the acquirer shall make a takeover bid when, as a result of their own acquisition of voting shares of the offeree company or the acquisition by persons acting in concert with such person, be it directly or indirectly, increases the voting shares threshold by more than 10% (additional threshold).

By exception to paragraph 2 of this Article, an acquirer shall be required to make a takeover bid when, as a result of their own acquisition of voting shares of the offeree company or the acquisition by persons acting in concert with such person, be it directly or indirectly, increases the holding by less than 10%, if the acquisition exceeds the threshold of 75% of voting rights (final threshold).

If the acquirer intends to continue acquiring voting shares of the offeree company, the acquirer shall not be required to make a takeover bid, if after the takeover bid launched pursuant to paragraph 1 and/or 2 of this Article holds at least 75% of voting shares.

Indirect acquisition of voting shares referred to in paragraph 1 of this Article shall be acquisition of control within the meaning of Article 4, paragraphs 4 and 5 of this Law.

The day of acquisition of shares referred to in paragraphs 1-4 of this Article shall be set in accordance with Article 5a, paragraph 3 of this Law.

When the person referred to in paragraph 1 of this Article is required to make a takeover bid, the person shall publish a notice of intent within two working days and file it with the regulated market or MTF, where the shares of the offeree company are traded, with the CSD, Commission and the offeree company, under the conditions and as provided herein.

The notice referred to in paragraph 7 of this Article shall contain the information referred to in Article 20, paragraph 1, points 2) and 3) of this Law, in addition to the statement of the offeror, that the offeror will make a takeover bid in the statutory time period.

The notice obligation referred to in paragraph 7 of this Article shall accordingly apply at all times when the offeror is required to make a takeover bid.

Prohibited Offers

Article 7

It shall be prohibited to make a takeover bid, if it is not in accordance with provisions of this Law.

Exemptions from the Obligation to Make a Takeover Bid

Article 8

The acquirer shall not be under the obligation to make a takeover bid, if:

- 1) Acquires shares of the offeree company by inheritance;
- 2) Acquires the shares of the offeree company by division of joint marital property;
- 3) Acquires the shares only temporarily, while carrying out his registered business activity of taking over (underwriting) the issue or reselling securities on the market, provided the acquirer of the issue, i.e. the underwriter does not exercise the voting right arising from the acquired shares;
- 4) Acquires the shares of an offeree company in the bankruptcy proceedings;
- 5) Acquires shares of an offeree company in the companies' merger procedure, but only if not more than one of the companies involved in the merger procedure holds shares of the offeree company;
- 6) Acquires shares owing to a change in the legal status of the company;
- 7) The transfer of shares of the offeree company did not incur a change in the person who controls the offeree company in the context of Article 4, paragraphs 4 and 5 of this Law, or if acquires shares by means of a transfer with the purpose of restructuring within the holding;
- 8) Acquires shares in a new company created by a merger of the existing companies or by division of the existing company, provided all the rights of dissenting shareholders of remaining companies are protected;
- 9) The only goal of the share acquisition is to secure the claims of the offeror towards the company, provided the creditor does not exercise the voting right attached to the acquired shares;
- 10) Shares of the offeree company are being acquired by the Republic, or persons acting in concert with the Republic;
- 11) After the executed takeover procedure acquires shares of the offeree company by transfer of shares between persons who acted in concert in the takeover procedure;
- 12) With the acquisition of shares of the offeree company, holds a percentage of voting shares equal to or less than the percentage of voting shares held by another shareholder of the offeree company, who has made a takeover bid;
- 13) Acquires the shares of the offeree company in the equity capital increase procedure from new investments or from the net assets of the offeree company in the context of the law governing companies, and the general meeting of the offeree

company at which the decision is adopted on the increase in equity capital by a three-quarter of the present majority votes, excluding the votes of the acquirer and the persons acting in concert with the acquirer, has approved voting shares of the offeree company may be acquired without the obligation to announce a takeover bid, if such acquisition of voting shares would create an obligation for acquirer to announce a takeover bid;

14) Has acquired more than 25% of voting shares of the offeree company prior to entry into force of this Law;

15) When determined by another law.

Where the Share Fund acquires shares of the offeree company in accordance with the law governing privatization, it shall not be required to launch a takeover bid.

An acquirer shall not be required to make a takeover bid when acquiring shares in accordance with the regulations governing privatization from:

1) The Share Fund, independently or with the shares of individual shareholders that are offered for sale concurrently with the shares of the Share Fund;

2) The Republic Fund for Pension and Disability Insurance of Employees;

3) The Republic Development Fund;

4) The Republic, autonomous provinces, and local government units;

5) The Register of shares and holdings transferred after the cancellation of agreement concluded in the privatization procedure.

Unless otherwise provided by an enactment of the Government, the provisions of this Law shall not apply to:

1) the transfer of ownership without a consideration, over the shares issued by banks, from the state union Serbia and Montenegro to the Republic, based on the Law Regulating Relationship between the Federal Republic of Yugoslavia and Legal Persons and Banks from the Federal Republic of Yugoslavia who are Original Debtors or Guarantors towards the Creditors of the Paris Club and the London Club (Official Gazette of FRY, No 36/02 and 7/03);

2) Acquisition of shares issued by banks, when the legal holder of such shares is the Republic, based on the Law Regulating the Relationship between the Federal Republic of Yugoslavia and Legal Persons and Banks from the Federal Republic of Yugoslavia who are Original Debtors or Guarantors towards the Creditors of the Paris Club and the London Club (Official Gazette of FRY, No 36/02 and 7/03), and the Law Regulating the Public Debt of the Federal Republic of Yugoslavia based on the Foreign Currency Savings of its Citizens (Official Gazette of FRY, No. 36/02);

3) Acquisition of shares issued by banks, when the lawful holder of such shares is the Republic;

3a) Acquisition of shares issued by banks in capital increase procedures, exclusively for purposes of implementation of a business continuity plan, bank restructuring or pursuant to an order by the National Bank of Serbia;

4) Acquisition of shares issued by banks, when, in accordance with Law, the lawful holder of such shares is the Deposit Insurance Agency;

5) Acquisition of shares issued by banks, when the lawful holders of such shares have, by a special agreement that must be made in writing, authorized the Deposit Insurance Agency to sell such shares to a third person, on their behalf and for their account;

6) Acquisition of shares issued by insurance companies, when lawful holders of such shares have, by a special agreement that must be made in writing, authorized the Deposit Insurance Agency to sell such shares to a third party on their behalf and for their account, in accordance with the law that regulates insurance;

6a) Acquisition of shares issued by insurance companies, or reinsurance companies in capital increase procedures exclusively for purposes of implementation of measures to secure continuous solvency, or pursuant to an order by the National Bank of Serbia;

7) Acquisition of shares issued by banks, when such trade is performed in the procedure of cashing of property of banks undergoing bankruptcy or liquidation proceedings, where the receiver or liquidation administrator is the Deposit Insurance Agency;

8) Acquisition of shares of the CSD, stock exchange and other persons in the financial sector, pursuant to the law regulating operations of banks, when the lawful holder of such shares is the Republic;

9) Acquisition of shares of the CSD, stock exchange and other persons in the financial sector, pursuant to the law regulating operations of banks, when the lawful holders of such shares have empowered the Deposit Insurance Agency by a special agreement that must be made in writing, to sell such shares to a third party on their behalf and for their account.

The persons referred to in paragraphs 1, 3 and 4 of this Article, exempted from the obligation to make a takeover bid shall be required to notify the Commission of their reliance on the exemption, immediately and no later than within four days from the day the circumstances referred to in paragraphs 1, 3 and 4 of this Article occurred.

The notification of the reliance on the exemption referred to in paragraph 5 of this Article shall contain:

- 1) General information about the acquirer and the offeree company,

- 2) The exemption the acquirer refers to,
- 3) A description of the circumstances pertaining to the exemption,
- 4) A list of persons acting in concert with the acquirer in relation to the offeree company,
- 5) Documents supporting the circumstances pertaining to the reliance on the specific exemption.

Provisions of this Law addressing the obligation to launch a takeover bid and the takeover procedure shall apply accordingly to the acquirer of the shares referred to in this Article, if the acquirer intends to continue acquiring the shares of the offeree company.

II TAKEOVER BID

Voluntary Takeover Bid

Article 9

If a person is not required to make a takeover bid in accordance with the provisions of this Law, and still intends to make a takeover bid, it may do so only under the conditions and as provided herein.

In the case referred to in paragraph 1 of this Article, the offeror shall be required to publish a notice of takeover intent in accordance with Article 12 of this Law.

By publication of the notice referred to in paragraph 2 of this Article, the offeror shall make the takeover bid under the conditions and as provided herein.

Publication of the Bid and the Voting Right

Article 10

From the publication date of the notice of intent to the publication date of the takeover report, the shares of the offeror and the shares of the concerting persons with the offeror shall not bear the voting right.

Conditional and Unconditional Takeover Bid

Article 11

A Conditional Takeover Bid shall be any bid whereby the offeror seeks to acquire a specified minimum number or percent of the voting shares of an offeree company as the minimum it wishes to acquire; this bid ceases to be binding upon the offeror, if the

indicated condition is not met before the expiry of the time period stipulated for its acceptance.

Only a voluntary bid may be conditional.

In the event of the conditional bid referred to in paragraph 1 of this Article, an offeror or a concerting party, the offeror's subordinated companies, the companies directly or indirectly under the control of a person that already has control over the offeror, or the persons that provide takeover services to the offeror, shall not be allowed to influence the meeting of such condition.

When the offeror has subjected his bid to a condition of acquiring the minimum number of shares of the offeree company indicated in such bid, and has not acquired such number before the expiry of the stipulated time period, the offeror must not buy the shares which shareholders of the offeree company have transferred to the offeror's account; the offeror shall return the shares to them at his own expense, within three working days from the receipt of confirmation of such outcome from the CSD.

When the offeror has subjected his bid to a condition of acquiring a minimum number of shares of the offeree company that was specified in such bid and has acquired such number before the expiry of the stipulated time period, the offeror shall buy all shares the shareholders of the offeree company have transferred to his account in excess of such number and under the conditions from the bid.

An Unconditional Takeover Bid shall be the bid in which no condition is explicitly and clearly indicated.

Publication of the Takeover Intent

Article 12

Within two working days of the day of the takeover obligation, the offeror shall make the notice of takeover intent, in the same manner in which, in accordance with this Law, the takeover bid referred to in Article 18 of this Law is made public.

The notice referred to in paragraph 1 of this Article shall contain the information referred to in Article 20, paragraph 1, of this Law.

The offeror shall not modify or withdraw the notice of takeover intent used for applying to the Commission for approval of the takeover bid, after the submission of such application.

Application for Approval to Make a Takeover Bid and its Amendments

Article 13

Within 15 working days following the date the obligation to make a takeover bid has been incurred, the offeror shall submit to the Commission an application for approval to make the takeover bid, the bid itself, the summarized text of the bid, the text of the notice of takeover intent, and the documents referred to in Article 20, paragraph 2, of this Law.

Upon the receipt of the application referred to in paragraph 1 of this Article, the Commission shall issue the decision, within ten working days following the day of receipt of the duly submitted application, and notify thereof the CSD.

By way of an exception from paragraph 2 of this Article, when the Commission works together with the authorities controlling monopoly and preventing money laundering, and with other authorities, to avoid any disruptions on the regulated market in the Republic, the time period for issuance of the decision on approval of the takeover bid may be extended to maximum ten working days of the receipt of a complete application.

The offeror shall apply to the Commission for approval of an amendment to the takeover bid within three working days, prior to the expiry of the validity period of the bid.

The Commission shall issue a decision on approval of the amendment to the takeover bid, within two working days following the receipt of the application and notify the CSD thereof.

The Commission shall issue the decisions referred to in paragraphs 2 and 5 of this Article, after it establishes:

- 1) That the information contained in the takeover bid and the documents appended to the application for approval of the bid is complete and true, in accordance with Article 20 of this Law;
- 2) That the price in the takeover bid has been determined in accordance with this Law;
- 3) That, if the bid is modified to increase the price, the offeror has secured the settlement funds in accordance with Article 16 of this Law.

When deciding upon the approval or disapproval of the takeover bid or its amendment, the Commission shall not assess the justifiability and reasonableness of the elements of the takeover bid.

If, when deciding about the application for approval of a takeover bid or its amendment, the Commission finds any irregularities, it shall order the offeror to have them remedied, file the missing documents, and it shall determine the time period for complying with the Commission's request.

If the offeror fails to comply with the Commission's request, the Commission shall conclude that the offeror's application is being rejected. The Commission shall not be liable for accuracy and truthfulness of the information indicated in the takeover bid.

Amendment to the Bid

Article 14

A takeover bid may not be amended unless the amendment makes it better.

It shall be deemed that a bid is enhanced, if the price is increased or if the conditions referred to in Article 11, paragraph 1, of this Law are given up.

The price in the takeover bid may not be decreased.

Approval

Article 15

When banks, insurance companies or financial leasing companies are offerees in a takeover, the offeror shall apply for the approval of the National Bank of Serbia or other competent authority concurrently with the application for approval of its takeover bid to the Commission, if it is so required by a special legislation.

Funding Requirements

Article 16

Prior to applying for approval to make a takeover bid, the offeror shall secure the necessary funds to purchase the shares in any of the following ways:

- To allocate the money to a special account with a bank, and/or deposit the securities referred to in Article 22, paragraph 13 of this Law to a special account with the CSD, as required for the payment of takeover bid shares;
- To conclude an agreement with a bank on the loan approved for this purpose;
- To provide an irrevocable bank guarantee on first demand, in the amount required for payment of the takeover bid shares.

The offeror shall be required to arrange with another bank, not mutually related by capital in the context of provisions of Article 4, paragraphs 4 and 5 of this Law, the provision of the funds as referred to in paragraph 1 of this Article.

The validity period of the bank guarantee referred to in paragraph 1, indent 3 of this Article may not be less than five days following the last day of the period stipulated for the payment of shares referred to in Article 21, paragraph 2 of this Law.

An offeror may not use freely the money allocated to a special account for the deposited shares, save for the payment of the deposited shares. The offeror shall allow the Commission to inspect the balance of the special account.

The offeror may not freely use the securities referred to in Article 22, paragraph 13 of this Law, allocated to a special account with the CSD for the payment of the deposited shares, save for the payment of the deposited shares. The offeror shall allow the Commission to inspect the balance of the special account. The prohibition of free disposal of the securities referred to in Article 22, paragraph 13 of this Law may not subsist less than five days following the last day of the period stipulated for the payment of shares.

Upon the expiry of the takeover bid validity period, or the expiry of the period stipulated for payment, the offeror may withdraw the amount exceeding the amount of the funds from the special account required for the payment of the deposited shares, but only after settling all the liabilities stemming from the acquired shares of the offeree company.

In the course of the validity period of the takeover bid, the offeror must not change terms and conditions of the agreement on the special account or the agreement on the approved loan, or the agreement on the bank guarantee for the payment of all shares of the takeover bid, except to enhance the bid.

If the offeror is a person with residence, or registered office outside the Republic, the offeror shall deposit the funds referred to in paragraph 1, indent 1 of this Article, to the account with a bank headquartered in the Republic, or obtain the security instruments referred to in paragraph 1, indents 2 and 3 of this Article from a bank headquartered in the Republic.

Securing the Share Depositing Activities

Article 17

Prior to applying for approval of a takeover bid, the offeror shall open a special account of securities with the CSD through a member of the CSD, to which shareholders of the offeree company shall deposit their shares in order to accept the takeover bid.

The offeror shall enter into agreement with a member of the CSD on keeping a special account of securities (the Depot Account) of the offeror and implementing the bid procedure for the takeover of shares.

When concluding the agreement referred to in paragraph 2 of this Article, the offeror, through a member of the CSD who shall act in the name and on behalf of the offeror shall serve the CSD with all the information required for preparation and deposit of shares, the information how the bid will be made public, and other necessary

information laid down in the rules on share depositing and the operating rules of the CSD.

The offeror shall promptly serve the CSD with any amendment to the takeover bid.

Any acquisition of shares of the offeree company after the takeover bid is made public shall be null and void, if the shares are deposited to an account other than the offeror's special account opened with the CSD.

Publication of the Takeover Bid

Article 18

After receiving the decision of the Commission on approval of the takeover bid, publication or amendment to the takeover bid, the offeror shall promptly publish the summarized text of the takeover bid and any amendment to the bid in one daily newspaper regularly distributed in the Republic, and optionally on the offeror's website.

The offeror shall promptly serve the Commission with a copy of the published text of the bid referred to in paragraph 1 of this Article.

The offeror shall furnish the takeover bid and any amendment thereof to the offeree company, the regulated market and/or MTF on which the shares of the offeree company are traded and the CSD not later than on the same day, and to all shareholders of the offeree company within three days following the day the offeror issued the publication order in accordance with paragraph 1 of this Article.

The CSD shall publish the bid on its website and enable the offeror the access to information considering shareholders, from the day of receipt of the decision on approval of the takeover bid granted by the Commission.

The validity period of the bid shall commence on the day the takeover bid or the summarized text of the bid is published in a daily newspaper referred to in paragraph 1 of this Article.

The Commission shall specify in more detail the form and contents of the summarized text of a takeover bid.

Prohibition to Advertise and Exert Influence on Shareholders

Article 19

After the offeror discloses the takeover bid to any party, regardless whether such party is involved in the takeover (offeror, shareholder, offeree company, management body of the offeree company, and management body of the offeror if the offeror is a company) or is a third party, it shall be forbidden to influence the shareholders of the

offeree company, directly or by advertising through media, by offering or promising any gifts, favors, proprietary or other benefits.

Mandatory Content of a Takeover Bid

Article 20

A takeover bid must contain:

- 1) The business name, registered office, and address of the offeree company;
- 2) The business name, registration number, registered office and address, or full name and address of the offeror and the person with whom the offeror acts in concert and the description of the acting in concert;
- 3) Identification of the type and number of shares the offeror has the intention and obligation to acquire, including the number in an absolute amount and in a percentage, with regard to all shares of the offeree company that belong to the offeror, including the shares of the persons with whom the offeror acts in concert;
- 4) A clear statement that the bid is extended to all shareholders of the offeree company who own voting shares, and that the offeror commits to buy all voting shares, under the set and published conditions;
- 5) The price which the offeror commits to pay for a share, deadline and method of payment;
- 6) Funding sources and the method of providing funds for the purchase of shares;
- 7) The business name, registered office, and address of the authorized investment firm, a member of the CSD;
- 8) The validity period of the takeover bid;
- 9) Detailed instructions on the method of share depositing and other rights and obligations of the shareholders depositing the shares, and in particular on the right of shareholders to withdraw the acceptance of the takeover bid by withdrawing the shares from the depository;
- 10) Identification of the offeror's goals and intentions with regard to the offeree company that is being acquired, if the takeover bid is successful;
- 11) Other conditions of the bid as laid down in this Law or regulations of the Commission.

The Offeror shall append to the bid served to the Commission the original or a certified copy of the following documents:

- 1) Documents on legal transactions on the basis of which the offeror and persons acting in concert have acquired shares of the offeree company in a period of one year prior to the incurred obligation to make a takeover bid, and in cases of acquisitions and disposals of shares in contravention of the provisions of Article 36 of this Law also documents about these legal transactions and the statement of the offeror and the persons acting in concert that, save for the stated legal transactions, they have not concluded any other legal transactions aimed at the acquisition of shares of the offeree company;
- 2) The bank guarantee or loan agreement, or the agreement on opening of a special account and evidence of payment of money, or depositing of securities for the payment of shares, within the meaning of Article 16, paragraph 1 of this Law;
- 3) The contract with a member of the CSD on conducting the share depositing transactions;
- 4) Prior approval of the National Bank of Serbia, when shares of banks, financial leasing companies or insurance companies are the subject of the takeover;
- 5) Prior approval of a competent institution, in other statutory events;
- 6) If the offeror is a legal or natural person with the registered office or residence or domicile abroad:
 - Statement appointing a proxy (business name, registered office, address, or the full name and address) to whom notices shall be served in the Republic, where such proxy may be a lawyer, a bank or an investment firm,
 - Certificate from the register of business companies or other relevant register indicating the legal form, registered office, business address, list of persons authorized to act as proxies, issued not later than 30 days prior to the day of submitting the application for approval of the takeover bid, translated into Serbian by a certified court interpreter.
- 7) A certificate from the regulated market or MTF, issued on request of the offeror, of the average share price, volume of trading and the number of the trading days in compliance with Article 22, paragraphs 1, 2 and 6 of the Law.
- 8) A study on assessment of fair value of the offeree company shares, prepared by an independent authorized auditor from the latest list of auditors determined by the Commission, and when the shares are not liquid, pursuant to Article 22, paragraph 3, i.e. paragraph 6 of this Law. Fair value of shares of an offeree company shall be estimated on the day of obligation to make a takeover bid, and in the event referred to in Article 22, paragraph 6 of this Law additionally on the day of filing of a request;
- 9) A document demonstrating the payment of fees;

10) Other documentation required by the Commission.

Validity Period of a Takeover Bid

Article 21

The validity period of a bid shall be at least 21 days and it shall not exceed 45 days from the publication of the takeover bid in a daily newspaper referred to in Article 18, paragraph 1 of this Law. In case any competing bids for the takeover are published, the validity period of the initial bid shall be extended until the expiry of the validity period of the competing bids.

If an amendment to the takeover bid is published, the validity period of the bid shall be extended by seven days, provided the total validity period of the bid does not exceed 60 days, except if the validity period has been extended because of publication of competing bids, when the total validity period of all bids may not exceed 70 days.

If the last day of the validity period of the takeover bid is a non-working day (Saturday, Sunday, a state or religious holiday), the last day of the validity period of the takeover bid shall be the first working day that follows.

Price in a Takeover Bid

Article 22

When in the period of six months preceding the day of incurred obligation to make a takeover bid, the trading volume of shares of the offeree company was at least 0.5% of the total number of issued voting shares, and when at least in three months of that period the trading took place in more than 1/3 of the trading days on a monthly level with the trading volume reaching at least 0.05% of the total number of issued voting shares, the shares of the offeree company shall be deemed liquid in the context of this Law.

When the voting shares of an offeree company are liquid in accordance with paragraph 1 of this Article, the offeror shall provide in the takeover bid at least the highest price of the following prices:

1) The average weighted price of voting shares in the period of last six months preceding the date of obligation to make a takeover bid, determined based on a trading report from a regulated market i.e. MTF;

2) The highest price paid for the same securities by the offeror, or by persons acting in concert with them, over a period of 12 months before the date of obligation to make a takeover bid for shares, including acquisitions based on which an obligation has been created for the offeror and/or persons acting in concert with them to make a takeover bid.

When the voting shares of an offeree company are not liquid pursuant to paragraph 1 of this Article, or if they are not admitted to trading on a regulated market or MTF, the offeror shall be required to offer to the shareholders at least the highest consideration of the following:

1) The highest price paid for the same securities by the offeror, or by persons acting in concert with them, over a period of 12 months before the date of obligation to make a takeover bid, including acquisitions based on which an obligation has been created for the offeror and/or persons acting in concert with them to make a takeover bid,

2) The book value of voting shares determined based on the last annual financial statements of the offeree company,

3) The estimated fair value of voting shares on the day of obligation to make a takeover bid.

By way of exception to the method for determining prices in a takeover bid referred to in paragraphs 2 and 3 of this Article, when an acquirer acquires at least 25% of voting shares from the person referred to in Article 8, paragraph 3 and paragraph 4, points 3), 4), 5), 6) and 7), if the acquirer intends to continue acquiring the voting shares of the offeree company in the period of the following two years, the acquirer will have the obligation to launch a takeover bid at a price which cannot be lower than the price at which the block of shares was acquired.

If the offeror or the persons acting in concert with the offeror, in contravention of provisions of Article 36 of this Law, acquires or disposes of the voting shares of the offeree company at a price higher than the price stipulated by the provisions of this Article, the offeror shall offer a higher price in the takeover bid.

If the offeror fails to submit the application for approval of a takeover bid within the time period stipulated in paragraph 1, Article 13 of this Law, the offeror must offer an average weighted price calculated for the six months preceding the day of the application if the shares are liquid in this period, or an estimated value on the day of filing the application when shares are illiquid, if the prices are higher than the price referred to in paragraph 2 or paragraph 3 of this Article.

If, within one year following the day when the offer closes for acceptance, the offeror or the persons acting in concert with the offeror acquire the voting shares of an offeree company which were subject to a bid, he shall compensate the shareholders who have accepted the takeover bid for the price difference, within seven days following the acquisition date.

The offeror or the persons acting in concert with the offeror shall notify the Commission, the offeree company and the regulated market or MTF where the shares of the offeree company are traded, of the acquisition of the offeree company shares referred to in paragraph 7 of this Article, immediately and not later than the following

day of the day of acquisition. The notification shall contain information about the offeror and persons acting in concert with the offeror (name, address and the principal office), the acceptance period for depositing of shares in the conducted takeover procedure, information about the absolute and relative amounts of shares held by the offeror and the persons acting in concert with the offeror before and after the acquisition, price in the conducted bid, price difference which will be paid within seven days and a detailed explanation of the circumstances which led to the occurrence of obligation to pay a price difference. It shall be required to file documents showing the price of acquisition and the price difference that must be paid to shareholders with the notification to the Commission.

The offeror or the persons acting in concert with the offeror shall notify the Commission of the payment of the price difference to the shareholders, promptly and not later than within five days of the day of payment. The notification shall be accompanied by the documents showing the acquisition price, the price difference paid to shareholders, the list of shareholders to whom the difference has been paid and documents demonstrating that the difference has been paid to the shareholders.

The obligation referred to in paragraph 7 of this Law shall not arise from the acquisition of shares carrying voting rights when changes in the form occur, or increase in equity capital of the offeree company due to new investments and the increase of the equity capital from the net assets of the offeree company in the context of the law governing companies.

The offeror may not decrease the offering price nor change the deadline or method of payment specified in the bid, however the offeror may increase the offering price. For every share of the same class, the offeror must pay the same price.

If the offeror increases the offering price, he must provide the funds to cover that portion of such amount in accordance with provisions of Article 16 of this Law.

The consideration for the payment of shares subject to the takeover bid may be offered in cash, or in the securities as provided by the law governing the capital market, or in the debt securities issued by the Republic and the National Bank of Serbia.

Where both the cash consideration and the securities are offered as the consideration referred to in paragraph 13 of this Article, the offeror shall be free to determine the ratio between the cash and the securities.

The securities referred to in paragraph 13 of this Article shall be of the same type and class as the shares subject to the takeover bid, admitted to trading on an adequate market of at least the same level of transparency and they may not be encumbered.

Where an offeror obligated pursuant to the provisions of Article 6 of this Law, offers a securities consideration or a combination of cash and securities, the offeror shall also be required to offer a cash consideration as an alternative.

Where preferential shares are subject of a bid, the provisions of this Article shall apply accordingly to the determination of price the offeror is required to provide to shareholders.

The Commission shall prescribe the detailed conditions under which the offeror may offer a consideration in a takeover bid and the method for determining the consideration.

Competing Takeover Bid

Article 23

A competing takeover bid shall be the bid that, in accordance with the provisions of this Law, may be made by any legal or natural person (the competitor), but only after the publication and within the validity period of the first takeover bid.

The competitor cannot be a concerting party of the offeror within the meaning of Article 4 of this Law, or a person who acts on behalf of the offeror in the takeover procedure.

The application for approval of a competing bid shall be submitted within one working day prior to the expiry of the validity period of the first bid.

The Commission shall issue the decision on the submitted application referred to in paragraph 3 of this Article, on the same day.

The competitor shall make his bid in accordance with Article 18 of this Law, immediately upon the receipt of the decision issued by the Commission, referred to in paragraph 4 of this Article and not later than on the last day of the validity period of the first bid.

When there is a competing bid, notices of takeover intent shall not be published.

Any amendment to the competing bid may be made only in accordance with the provisions of this Law concerning amendments to the takeover bid.

If the initial bid was subject to the requirement of a minimum number of shares that the offeror should acquire, the competing bid may not be drawn up for acquisition of a larger number of shares.

If, in the circumstances when there is a competing bid, the offerors change any elements of the bid, they shall furnish the Commission with final changes to all bids within three working days before the expiry of the total validity period of all bids.

Prohibited Publication of the Notice of Intent

Article 24

After the offeror publishes a takeover bid, third parties shall not be allowed to make public the notice of intent to acquire shares of the offeree company in media; however such persons shall publish the competing takeover bid in accordance with the provisions of this Law.

Withdrawal of a Takeover Bid

Article 25

An offeror may withdraw the takeover bid in the event of:

- 1) The competing takeover bid at a higher price;
- 2) Bankruptcy of the offeree company.

The offeror shall withdraw the takeover bid following the procedure stipulated for making a takeover bid public and the withdrawal shall have the legal effect as of the day the withdrawal has been made public.

An offeror shall notify forthwith the Commission, offeree company and the CSD of the withdrawal of the bid.

III CONCLUSION OF THE TAKEOVER PROCEDURE

Acceptance of Bids and Payment of Shares

Article 26

A shareholder shall accept the bid by depositing with the CSD the shares which are subject of the takeover bid, prior to the expiry of the validity period of the bid.

The period stipulated for the payment of shares of the offeree company shall be determined in the course of days following the expiry of the validity period of the bid, and it shall be three working days following the last day of the validity period of the bid. The offeror may not effect payments before the expiry of the validity period of the bid.

A shareholder may not freely use the shares he has deposited with the purpose of accepting the bid.

A shareholder may withdraw shares from the deposit, prior to the expiry of the validity period of the bid. Exceptionally, a shareholder may withdraw shares from the deposit after the expiry of such period, if the offeror fails to pay for the shares within the period provided for the payment of shares. The withdrawal of shares from the deposit shall mean that acceptance of the bid is withdrawn, i.e. that the agreement is terminated.

Depositing of Shares

Article 27

Shares shall be deposited with the CSD by their transfer from the offeree company shareholders' account to a special account opened for the deposit of shares with the purpose of accepting the takeover bid, from which the shares are returned to the shareholders' account, if withdrawn from the depository.

The shareholders may not deposit the shares that are subscribed, but not paid.

Waiver of the Right to Withdraw Shares

Article 28

A shareholder may not waive the right to withdraw shares from the deposit account. The offeror may not refer to the statement of the shareholder on waiving the right to withdraw shares from the deposit account.

Obligation of Reporting the Inflow of Shares

Article 29

The CSD shall inform the offeror and the offeree company through its members about the inflow of shares of the offeree company and allow them to review the account balance of the deposited securities, notify them thereof, issue statements of such account, allow them to verify the determined outcome of the takeover, and assist them in such verification, in accordance with their operating rules and the law that governs the securities market.

From the moment the obligation to launch a takeover bid has been incurred for the offeror, the offeree company, and/or the CSD, shall allow the offeror, at his request, to inspect the information related to shareholders and shares of the offeree company.

Transfer of Shares on the Basis of a Takeover Bid

Article 30

If a shareholder has deposited shares in accordance with the requirements laid down in the takeover bid, the acceptance of the takeover bid and the payment obligation shall become effective upon expiry of the validity period of the takeover bid, except in cases referred to in Article 11, paragraph 3 and Article 25 of this Law.

The offeror may not take over the deposited shares, and/or the deposited shares may not be transferred to the offeror, prior to the expiry of the validity period of the bid and before the shares are paid, which shall be determined by the CSD.

Passing the Rules for Depositing and Takeover of Shares

Article 31

The CSD shall pass the rules regulating in detail the deposit, payment and takeover of shares from depot account, which shall be in compliance with the principles and standards stipulated by the International Organization of Securities Commissions (IOSCO).

Takeover Report

Article 32

After the expiry of the validity period of a takeover bid and the payment period, the offeror shall publish the takeover report, as stipulated herein for the publication of a takeover bid, within one working day, and immediately and concurrently serve the report to the regulated market or MTF on which the shares of the offeree company are traded, the Commission, and the offeree company.

The takeover report shall contain the information about the offeror and the offeree company, particulars on when and how the takeover bid and any amendments thereof has been made public, how many deposited shares the offeror has paid and taken over, how many withdrawals have been made from the deposit and how many voting shares of the target company the offeror has at his disposal after the takeover of the deposited shares, including the voting shares of the concerting parties of the offeror.

If the bid is conditional pursuant to the provisions of Article 11, paragraph 1 of this Law, and if insufficient number of shares is deposited within the validity period of the bid, the CSD shall promptly notify thereof the member of the CSD keeping the offeror's deposit account, the members of the CSD who have deposited the shares following the instructions from the shareholders and the Commission.

On the day of receipt of the notification referred to in paragraph 3 of this Article, the offeror shall publish such notification, as referred to in Article 18, paragraph 1 of this Law.

Payment of Share Price and the Costs

Article 33

The offeror shall pay the price of shares and bear all transfer costs of shares and any other costs arising from the bid, with the exception of costs concerning depositing and withdrawal of shares from the depot account which shall be borne by the shareholder of the offeree company.

Articles 34 and 35

(Deleted)

Prohibition on Acquiring and Alienating Voting Shares

Article 36

From the moment the obligation to publish a takeover bid arises, until the expiry of the validity period of the bid, the offeror and the persons acting in concert with the offeror shall not acquire voting shares of the offeree company and shall not make a commitment to acquire them in any manner other than by the takeover bid, and shall not alienate or commit to alienate the voting shares of the offeree company.

By way of exception to paragraph 1 of this Article, the offeror and the persons acting in concert with the offeror may, in accordance with Article 37, paragraph 3 of this Law, dispose of the shares of the offeree company provided the following conditions have been met cumulatively:

1) At least 30 days before the intended disposal of shares of the offeree company, the offeror and the persons acting in concert with the offeror shall notify the public that they do not intend to implement the takeover procedure of the offeree company, but that they have the intention to dispose of a number of shares;

2) The notification referred to in point 1) of this paragraph must contain information about the number of shares held by the offeror and the persons acting in concert with the offeror and the number of shares they intend to dispose of;

3) The offeror and the persons acting in concert with the offeror shall promptly notify the public of any disposal of the offeree company shares, containing information about the disposal date, disposal method and price, the number of disposed shares and the percentage of the total number of issued voting shares held by the offeror and the persons acting in concert with the offeror after the disposal.

The content and the format of the notification and the method of notification referred to in paragraph 2 of this Article shall be regulated by the Commission.

Voting rights Arising from Shares Acquired in Contravention of the Law

Article 37

The offeror and persons acting in concert with the offeror may not exercise voting rights attached to the all acquired shares of the offeree company in the following cases:

- Where, after the obligation to launch a takeover bid has been incurred, they have failed to submit an application for the approval of the takeover bid within the stipulated time period, as of the date the obligation has been incurred to the date of fulfilling the obligation,

- Where the Commission has rejected or dismissed the application for the approval of the takeover bid, as of the date of the finality of the decision rejecting or the conclusion dismissing such application, to the day of the receipt of the decision by virtue of which the Commission approves the launching of the takeover bid.

- Where they have failed to launch the bid within the stipulated period, after the Commission has approved the launching of the bid, as of the date of such failure to the date of fulfilling the obligation.

When a person may not exercise the voting right in accordance with paragraph 1 of this Article, the general meeting of shareholders of the offeree company shall adopt decisions disregarding the voting shares of the person when determining if the quorum is present.

When the person referred to in paragraph 1 of this Article sells their offeree company shares resulting in a change in their holding in the capital of the offeree company falling below 25% of voting shares, the person shall promptly notify the Commission; the Commission shall establish in its decision that the persons have voting rights arising from the remaining voting shares of the offeree company of the day of filing a complete notification; and the Commission shall abolish the measure instructing the making of the takeover bid, of which it shall notify the CSD.

The person who is the subject of the decision referred to in paragraph 3 of this Article shall notify the public of the adopted decision.

The content and the format of the notification and the method of notification referred to in paragraphs 3 and 4 of this Article shall be regulated by the Commission

Obligations of the Offeree Company

Article 38

From the moment of making the notice of takeover intent public until the conclusion of the procedure of the takeover, the board of directors, i.e. supervisory board, i.e. executive and management boards in banks as of the offeree company shall inform the employees of the offeree company about the takeover bid, in writing.

In the course of the takeover procedure, the board of directors, i.e. supervisory board, i.e. executive and management boards in banks as the offeree company may demand a competing takeover bid.

From the time the notice of takeover Intent is made public until the conclusion of the procedure of the offeree company takeover, the board of directors, i.e. supervisory board, i.e. executive and management boards in banks as the offeree company:

1) Shall not exercise the power vested in it by the Articles of Association to increase the equity capital of the offeree company by issuing new shares;

- 2) Shall not make decisions to undertake any extraordinary activities, or decide on executing any contracts that would essentially change the status of assets or liabilities of the offeree company, may only undertake regular activities that form the normal course of the offeree company's business ;
- 3) Shall not decide that the company acquires or alienates its own shares;
- 4) Shall not make a bid to take over another joint stock company.

The management of the offeree company may undertake the activities referred to in paragraph 3 of this Article only with prior consent of the general meeting of shareholders, which shall decide on these issues by a simple majority.

Prohibition on Restrictions Regarding the Number of Votes and Members of the Board

Article 39

As of the moment the notice of takeover intent is made public, until the conclusion of the takeover procedure, the constituting act or the Articles of Association may not envisage any restrictions regarding the number of votes attached to the voting shares, and, if such restrictions are already envisaged in the constituting act or the Articles of Association, they can be rendered null and void by the simple majority vote at the shareholders' general meeting.

After the conclusion of the takeover procedure, the general meeting of shareholders may, by simple majority vote, repeal the provisions of the constituting act or the Articles of Association envisaging restrictions regarding the term of office and appointment of the members of the management bodies and the general manager.

Statement of the board of directors, i.e. supervisory board, i.e. executive and management boards in banks

Article 40

Within seven days of the day a takeover bid is made public, the board of directors, i.e. supervisory board, i.e. executive and management boards in banks as the offeree company shall make public its opinion of the takeover bid and the reasons on which it is based, in the same manner in which the takeover bid has been made public.

In such opinion, the board of directors, i.e. supervisory board, i.e. executive and management boards in banks as the offeree company shall consider the takeover bid in general, and specifically with regard to the price which the offeror has committed to pay per share, and the offeror's objectives and plans for the offeree company that is being acquired, and shall clearly state its position with regard to whether it is in favor of the takeover bid or not.

Prior to the disclosure of the opinion referred to in paragraph 1 of this Article, the board of directors, i.e. supervisory board, i.e. executive and management boards in banks as the offeree company shall communicate its opinion to the employees of the offeree company, who, within five days of the day the opinion was communicated, may give their opinion on the takeover bid.

The Commission may prescribe in detail how the employees provide their opinion.

If, within the time period referred to in paragraph 3 of this Article, the board of directors, i.e. supervisory board, i.e. executive and management boards in banks obtains the opinion from the representatives of its employees, it shall make public that opinion together with the opinion of the management board.

If the opinion on the takeover bid or the opinion of employees contains false, incorrect or misleading information, the persons who have participated in the preparation of the opinion shall be held jointly liable to the shareholders for the damages, where the persons knew, or ought to have known, that the information was false or misleading.

Except for to the opinion referred to in paragraph 1 of this Article, the board of directors or supervisory board of an offeree company, i.e. executive and management board in banks as an offeree company shall not make decisions from within their scope of powers that would in any manner unlawfully prevent or hinder the business operations of the offeree company, over a longer time period.

Powers of the Commission

Article 41

The Commission shall perform the supervision activities laid down by the law.

The offeree company, its shareholders, the CSD, commercial banks, investment firms and other legal and natural persons shall allow the Commission, at its request, the access to documents and they shall furnish the Commission with the documents it deems necessary for the supervision proceedings, when it determines whether there exists an obligation to launch a takeover bid or when it investigates concerting activities.

The CSD and the offeree company shall allow the Commission, at its request, the access to all information and they shall furnish the Commission with all the information about the ownership status of shareholders.

The Commission, all the commissioners and staff shall use the information and the documents referred to in paragraphs 2 and 3 of this Article that might serve as evidence in a misdemeanor procedure, only within their scope of competencies and they shall be bound by professional secrecy.

The Commission shall cooperate with the authorities empowered for the monopoly control and prevention of money laundering, and other authorities, when carrying out the activities from its remit and it shall provide assistance to those authorities when they are carrying out their activities.

In resolving the administrative matters, the Commission shall apply accordingly the provisions of the law on general administrative proceedings, unless otherwise provided herein.

Supervisory Measures

Article 41a

Where the Commission detects irregularities or illegalities, it shall order measures to be undertaken by adopting a decision, or it shall impose a measure provided for herein.

The Commission shall determine a time period for the actions to be taken and relevant evidence to be submitted.

Where irregularities or illegalities have been identified, the Commission may:

- 1) Establish the existence of the obligation to launch a takeover bid and instruct activities to be taken for the purpose of making the takeover bid;
- 2) determine that the person who has failed to submit the application for approval of the takeover bid within the stipulated time period, after the obligation has been incurred, shall not have the right to vote on all the acquired shares of the offeree company, as of the date the obligation has been incurred to the date of fulfilling the obligation, of which the person shall notify the CSD;
- 3) Instruct a change, amendment or withdrawal of the takeover bid or suspend procedure or terminate the takeover procedure and rescind the decision approving the takeover bid;
- 4) Request delivery or disclosure of additional information, notifications or comments concerning the takeover bid;
- 5) Adopt other measures necessary for the elimination of consequences incurred by actions or failures to act;
- 6) Disclose all the measures undertaken and sanctions imposed.

If the offeror fails to act in compliance with the decision of the Commission referred to in paragraph 1 of this Article, the Commission may impose a new or the same measure.

Article 41b

Where, the obligation to make a takeover bid has been incurred, irrespective of whether the obligation has been established by a Commission's decision pursuant to the provisions of this Law, an offeror fails to submit an application for the approval of a takeover bid within the stipulated time period, or where the Commission has rejected or dismissed the application for the approval of a takeover bid, or after the Commission has approved the application for a takeover bid, an offeror fails to make a takeover bid under the conditions and pursuant to this Law, or if the Commission suspends the takeover procedure, any offeree company shareholder may request redemption of shares via commercial court of competent jurisdiction, under the conditions which would originally apply if the takeover bid had been made public.

Provided that the Commission is obliged to communicate a decision to a person with a temporary residence or registered office abroad, in accordance with the provisions of this Law, it shall do so through a proxy of the person, who has temporary residence or registered office in the Republic.

If the proxy referred to in paragraph 2 of this Article has not been appointed, it shall be deemed that the decision has been communicated if published in the Official Gazette of the Republic of Serbia.

Article 42

(Deleted)

Regulations Promulgated by the Commission

Article 43

Regulations adopted by the Commission shall be final.

A discontented party may instigate an administrative dispute against the regulations of the Commission.

IV PENALTY PROVISIONS

1. Criminal Offenses

Offering or Promising Gifts, Favors or other Benefits

Article 44

After an offeror makes public a takeover bid, directly or via mass media, anyone who offers or promises to shareholders gifts, favors, proprietary or other benefits, to the

end of accepting or refusing the takeover bid, such person shall be sentenced to imprisonment between six months and five years.

Anyone who intermediates in commitment of the criminal offence referred to in paragraph 1 of this Article shall be sentenced to imprisonment between six months and five years.

Abuse of Inside Information

Article 45

Anyone who implements a takeover by using inside information shall be sentenced to imprisonment between three months and three years.

Anyone who, intending to obtain for himself or somebody else a proprietary gain in contravention of the law, discloses inside information to a third party or, based on such information, recommends a third party to acquire, buy, or sell shares of an offeree company traded or tradable on a regulated securities market, shall be sentenced to imprisonment between three months and three years.

Anyone who commits the act referred to in paragraph 2 of this Article without deliberation, shall be sentenced to imprisonment of up to one year or fined.

If the act referred to in paragraphs 1 and 2 of this Article causes any distortion to a regulated securities market, the perpetrator shall be sentenced to imprisonment between one and five years.

Making Public False Information

Article 46

Anyone who, on a regulated securities market or MTF, in a takeover bid of voting shares, publishes false information about legal or financial standing of the offeree company or its business prospects and other false facts of relevance for making a decision about accepting the takeover bid, or who fails to publish complete information about such facts, shall be sentenced to imprisonment between three months and three years.

If the act referred to in paragraph 1 of this Article causes any disruption to the regulated securities market or MTF, the perpetrator shall be sentenced to imprisonment between one and five years.

2. Economic Offences and Infractions

Article 47

A fine of RSD 1,000,000 to 3,000,000 shall be imposed on a legal person who:

- 1) After the obligation to make a takeover bid has been incurred, fails to make a takeover bid pursuant to the conditions and as determined by this Law (Article 5, paragraph 3 and Article 6);
- 2) Makes a takeover bid in contravention of the provisions of this Law (Article 7, paragraph 1);
- 3) Within two working days of the day the obligation to make a takeover bid has been incurred fails to make public a notice of intent and file it with the regulated market, MTF, CSD, Securities Commission and offeree company, as provided herein (Article 6, paragraph 7 and Article 12, paragraph 1);
- 4) Allows the exercise of a voting right, in contravention of Article 10 of this Law;
- 5) By his action, influences fulfillment of requirements from the bid, in contravention of Article 11, paragraph 3, of this Law;
- 6) Modifies or withdraws a notice of intent after submitting the request (Article 12, paragraph 3);
- 7) Publishes the takeover bid, or its amendment, without the consent of the Commission (Article 13, paragraphs 1 and 5);
- 8) Modifies a takeover bid in contravention of Article 14, paragraph 1, of this Law;
- 9) Lowers the price in a takeover bid (Article 14, paragraph 3);
- 10) Fails to provide funds for the payment of all shares under the takeover bid (Article 16, paragraphs 1 and 2);
- 11) Arranges the validity period of the bank guarantee in contravention of Article 16, paragraph 3 of this Law;
- 12) Freely uses funds, or securities earmarked at a special account in contravention of Article 16, paragraphs 4, 5 and 6 of this Law;
- 13) Modifies a contract on the special account or agreement on an approved loan, or agreement on a bank guarantee for payment of all shares of the takeover bid, except for enhancements of the bid (Article 16, paragraph 7);
- 14) Fails to open a special securities account with the CSD (Article 17, paragraph 1);
- 15) Fails to promptly furnish the CSD with the amendment to the takeover bid (Article 17, paragraph 4);
- 16) Fails to publish a summarized text of the takeover bid or amendment to the bid within the time period and in the manner stipulated in Article 18, paragraph 1, of this Law;

- 17) Fails to furnish, within the stipulated time period, the takeover bid or amendment to the bid to the offeree company, organizational form of the regulated market on which the shares of the offeree company are traded, or to the shareholders of the offeree company (Article 18, paragraph 3);
- 18) If the takeover bid does not contain all the statutory information (Article 20);
- 18a) Fails to pay the shareholders the difference in price, in accordance with Article 22, paragraph 7;
- 19) In case of an increased offer price, fails to provide the funds to cover the increased part of the amount (Article 22, paragraph 12);
- 20) Publish a notice of intent to acquire shares of an offeree company in mass media and publicly accessible electronic media in contravention of Article 24 of this Law;
- 21) Withdraws a takeover bid in contravention of Article 25, paragraph 1, or fails to publish the withdrawal of the bid in the manner referred to in Article 25, paragraph 2 of this Law;
- 22) Freely uses the shares deposited in acceptance of the bid (Article 26, paragraph 3);
- 23) Fails to publish and furnish the Commission, the offeree company and the regulated market and/or MTF, the takeover report with the stipulated information (Article 32, paragraphs 1 and 2);
- 24) Fails to cover the statutory costs or pay the price of shares (Article 33);
- 25) (deleted)
- 26) Acquires shares or commits to acquire shares, or if alienates or commits to alienate shares in contravention of Article 36, paragraph 1 of this Law;
- 27) From the moment of publishing a notice of intent to conclusion of the takeover procedure, envisages in its constituting act or articles of association any restrictions with regard to the number of votes carried by the voting shares (Article 39, paragraph 1);
- 28) Fails to allow the Commission the access or fails to furnish the documentation which the Commission deems necessary for implementation of supervision (Article 41, paragraph 2);
- 29) Fails to allow to the Commission the access to, or fails to furnish all the information about the ownership status of shareholders (Article 41, paragraph 3);
- 30) (deleted)

31) fails to act in accordance with the order issued by the Commission pursuant to Article 41a, paragraph 3, points 1) and 4) of this law;

32) (deleted)

For the acts referred to in paragraph 1 of this Article, the responsible person in the legal person shall be fined RSD 100,000 to 200,000.

For the acts referred to in paragraph 1, items 1-27 and 29-31 of this Article, the natural person shall be fined RSD 30,000 to 50,000.

A fine of RSD 500,000 to 2,000,000 shall be imposed on a legal person who:

1) Fails to allow to the Commission the access to the balance of the special account (Article 16, paragraph 4);

2) When concluding a contract on keeping a special securities account, fails to furnish the CSD with all the information necessary to prepare and perform the share depositing tasks, information about the manner in which the bid will be made public and other necessary information stipulated by the rules on share depositing and operating rules of the CSD (Article 17, paragraph 3);

3) Makes share payment before the expiry of the validity period of the bid (Article 26, paragraph 2);

4) Takes over the deposited shares in contravention of Article 30, paragraph 2 of this Law;

5) Fails to publish the notice in the stipulated manner (Article 32, paragraph 4).

For the acts referred to in paragraph 4 of this Article, the responsible person in the legal person shall be fined RSD 50,000 to 150,000.

For the acts referred to in paragraph 4 of this Article, the natural person shall be fined RSD 20,000 to 40,000.

Article 48

A fine of RSD 40,000 to 50,000 shall be imposed for an infraction on a natural person – a member of the board of directors, i.e. supervisory board, i.e. executive and board of directors, i.e. supervisory board, i.e. executive and management boards in banks as the offeree company if:

1) Commits the acts in contravention of Article 38, paragraph 3 hereof;

2) Fails to publish its substantiated opinion about the takeover bid as stipulated or the opinion of the employees, or if makes decisions preventing the takeover or impairs the takeover in an unlawful way or causes detrimental effects on the offeree company (Article 40, paragraphs 1, 5 and 7).

Article 48a

A fine ranging from RSD 100,000 to 200,000 shall be imposed on the legal person failing to meet the notification obligation within the time period and as provided for in Article 8, paragraph 5 and Article 22, paragraphs 8 and 9 of this Law.

The responsible person in the legal entity also shall be fined for an infraction 40,000 to 50,000 dinars for activities specified in paragraph 1 of this Article.

For the acts referred to in paragraph 1 of this Article, the natural person shall be fined RSD 40,000 to 50,000.

V TRANSITIONAL AND FINAL PROVISIONS

Article 49

Shareholders who, on the day of coming into force of this Law, hold more than 25% of voting shares of a joint stock company, and who, after the coming into force of this Law, intend to acquire additional voting shares of such company, shall take over the company in accordance with the provisions of this Law.

The Initiated Takeover

Article 50

A takeover procedure in progress on the day of coming into force of this Law shall be completed in accordance with the provisions of this Law, if, within it, the offeror still has not received the approval of the Commission for the publication of the takeover bid (initiated takeover).

Bylaws

Article 51

The Commission shall promulgate the bylaws within the powers vested in it by this Law within 30 days following the day of coming into force of this Law.

The Rulebook on the Contents and Form of Takeover Bids (Official Gazette of RS, No 102/03, 25/04, 103/04 and 123/04) shall apply to takeovers to the adoption of the by-laws referred to in paragraph 1 of this Article, except for the provisions in contravention of this Law.

Cessation of Effect

Article 52

On the day of coming into force of this Law, provisions of Articles 67–83 of the Law on the Market of Securities and other Financial Instruments (Official Gazette of FRY, No 65/02, and Official Gazette of RS, No 57/03, 55/04, and 45/05) shall cease to have effect.

Entry into force

Article 53

This Law shall come into force on the eighth day following the day of its publication in the Official Gazette of the Republic of Serbia.

Independent Articles of the Law on Changes and Amendments to the Law on Takeover of Joint Stock Companies

(Official Gazette of RS, No 107/2009)

Article 4[i1]

The Securities Commission shall align its by-laws with this Law within 30 days following the day of coming into force of this Law.

Article 5[i1]

This Law shall come into force on the following day of the day of its publication in the Official Gazette of the Republic of Serbia.

Independent Articles of the Law on Changes and Amendments to the Law on Takeover of Joint Stock Companies

(Official Gazette of RS, No 99/2011)

Article 26[i2]

Shareholders who, to the day of coming into force of this Law, have not been considered to act in concert and who in accordance with the provisions of this Law act in concert, who on the day of coming into force of this Law hold more than 25% of voting shares of an offeree company, and intend to acquire additional voting shares of such company, shall launch a takeover bid in accordance with the provisions of this Law.

The Securities Commission and the CSD shall align their by-laws with this Law within 20 days following the day of coming into force of this Law.

Article 27[i2]

This Law shall come into effect on the eighth day following the day it has been published in the Official Gazette of the Republic of Serbia, and it shall be applicable within 30 days following the day of its entry into force, save for Articles 16 and 17 of this Law which shall be applied as of 1 February 2012.

Independent Articles of the Law on Changes and Amendments to the Law on Takeover of Joint Stock Companies

(Official Gazette of RS, No 108/2016)

Article 25 [i3]

The takeover approval procedures and supervision procedures initiated prior to the coming into force of this Law shall be finalized in compliance with the provisions of the law in effect at the time of the initiation of the administrative procedure.

The persons for whom the obligation to make a takeover bid has been incurred in compliance with the Law on Takeovers of Joint Stock Companies (Official Gazette of RS, No 46/06, 107/09 and 99/11), and who have not made a takeover bid to the effective date of this Law shall be required to meet their obligation in accordance with the provisions of this Law.

The persons who at the day of coming into force of this Law hold more than 25% of voting shares of an offeree company, and who were not required to make a takeover bid, if they intend to acquire more voting shares of the company shall launch a takeover bid in accordance with this Law.

The persons who, to the day of coming into force of this Law, have made a takeover bid and who following the takeover bid launched pursuant to the Law on Takeovers of Joint Stock Companies (Official Gazette of RS, No 46/06, 107/09 and 99/11) have reached or fallen below the threshold of 25% of voting shares of an offeree company, and in case of acquisition of additional voting shares of such company and exceeding of the threshold, shall launch a takeover bid in accordance with this Law.

The persons who to the day of coming into force of this Law have exceeded the threshold of 25% of voting shares of an offeree company by a decrease in the equity capital of the offeree company, and who to the day of coming into force of this Law

acquire voting shares of the offeree company shall be required to make a takeover bid in accordance with this Law.

The persons who to the day of coming into force of this Law have not met their obligation to make a takeover bid incurred pursuant to the Law on Takeovers of Joint Stock Companies (Official Gazette of RS, No 46/06, 107/09 and 99/11) shall meet the obligation in accordance with the provisions of the Law irrespective of the fact whether the joint stock company for which the obligation has not been met is an offeree company in the context of this Law.

When, prior to coming into force of this Law, an acquirer acquires at least 25% of voting shares from the person referred to in Article 8, paragraph 3 and paragraph 4, points 3), 4), 5), 6) and 7) of the Law on Takeovers of Joint Stock Companies (Official Gazette of RS, No 46/06, 107/09 and 99/11) and who has not made a takeover bid or acquired voting shares after the acquisition, if the acquirer intends to continue acquiring the voting shares of the offeree company in the period of the following two years from the day of coming into force of this Law, the acquirer shall launch a takeover bid at a price in accordance with Article 22, paragraph 4 of the Law on Takeovers of Joint Stock Companies.

As of the day of coming into force of this Law, the Commission shall have the authority to initiate a supervision procedure in respect of the obligation incurred and the fulfillment of an obligation which has occurred pursuant to the Law on Takeovers of Joint Stock Companies (Official Gazette of RS, No 46/06, 107/09 and 99/11), irrespective of the fact whether the joint stock company for which the obligation has not been met is an offeree company in the context of the Law on Takeovers of Joint Stock Companies.

Article 26 [i3]

The Securities Commission shall align its bylaws with this Law within 30 days following the day of coming into force of this Law.

Article 27 [i3]

This Law shall come into force on the eighth day following its day of publication in the "Official Gazette of the Republic of Serbia.

Please note that the translation may read differently from the original writing. It is provided for information purposes only. The original Serbian text of the Law is binding in all respects. Comments are more than welcome and can be addressed at office@sec.gov.rs.