

Pursuant to Article 270, paragraph (1), item f) of the Law on Securities Market (Official Gazette of FBH, 85/08 and 109/12) and Article 13 of the Law on Securities Commission (Official Gazette of FBH, 39/98, 36/99, 33/04 and 92/13), the Securities Commission of the Federation of Bosnia and Herzegovina, at its 450th session held on July 22, 2015, adopted the following

Rulebook on Accepted Market Practices

Section A. General provisions

Article 1 (Contents of the Rules)

This Rulebook shall regulate updating, factors and procedures of the Securities Commission of the Federation of Bosnia and Herzegovina (hereinafter: the Commission) related to assessing accepted market practices.

Article 2 (Definitions)

- (1) Accepted market practices shall mean practices that are reasonably expected in one or more financial markets and are accepted by the Commission.
- (2) The Commission shall adopt a special decision on accepted market practices.
- (3) Authorized securities market participants shall mean persons referred to in Article 2, Item m) of the Law on Securities Market (Official Gazette of FBH, 85/08 and 109/12).

Section B. Accepted market practice factors

Article 3 (Accepted market practice factors)

When deciding whether to accept a market practice, the Commission shall take into consideration the following non-exhaustive factors:

- (a) the level of transparency of the relevant market practice to the whole market;
- (b) the need to safeguard the operation of market forces and the proper interplay of the forces of supply and demand.;
- (c) the degree to which the relevant market practice has an impact on market liquidity and efficiency;
- (d) the degree to which the relevant practice takes into account the trading mechanism of the relevant market and enables market participants to react properly and in a timely manner to the new market situation created by that practice;
- (e) the risk inherent in the relevant practice for the integrity of, directly or indirectly, related markets, whether regulated or not, in the relevant financial instrument;

(f) the outcome of any investigation of the relevant market practice by the Commission, in particular whether the relevant market practice breached rules or regulations designed to prevent market abuse, or codes of conduct, be it on the market in question or on directly or indirectly related markets;

(g) the structural characteristics of the relevant market including whether it is regulated or not, the types of financial instruments traded and the type of market participants, including the extent of retail investors participation in the market.

Article 4

(Commission procedures related to assessing accepted practice factors)

(1) The Commission, when considering the need to safeguard the operation of supply and demand as referred to in Article 3, item b) shall analyze the impact of the relevant market practice against the main market parameters, such as the specific market conditions before carrying out the relevant market practice, the weighted average price of a single session or the daily closing price.

(2) The Commission shall not assume the practices, in particular new or emerging market practices, to be unacceptable simply because they have not been previously accepted by it.

(3) The Commission shall review regularly the market practices it has accepted, in particular taking into account significant changes to the relevant market environment, such as changes to trading rules or to market infrastructure.

Article 5

(Consultation and disclosure of decisions)

(1) The Commission shall maintain regular contact with all securities market participants in order to keep the accepted market practices up-to-date due to changes in the circumstance or regulations.

(2) In case of possible changes to the regulation, the Commission shall conduct consultations with securities market participants.

(3) Before deciding whether to accept a market practice, the Commission shall consult securities market participants, securities issuers and associations of shareholders.

(4) The Commission shall disclose its decisions with regard to accepted market practices that shall include a description of the said practices.

(5) The disclosure shall be made via the Internet site of the Commission, stock exchange or other regulated public market, and shall come into force on the day following the day of posting it on the Commission Internet site. The disclosure shall include a description of factors taken into consideration when assessing the acceptability of a market practice. The decision disclosed shall represent a collection of accepted market practices and shall be posted under that name at the Internet site.

(6) In case that control is in progress in specific cases, the consultation process defined in paragraphs 1 – 5 of this Article may be postponed until the completion of the control and imposing of possible sanctions.

(7) A market practice that was accepted following the consultation process as determined in paragraphs 1 – 5 of this Article may not be altered without undergoing the said consultation process.

Section C. Transitional and final provisions

Article 6 (Proposals)

Persons referred to in Article 5, paragraph 3 of these Rules may submit their proposals of accepted market practices from the coming into force of these Rules.

Article 7 (Coming into force)

These Rules shall come into force on the eight day from the date of their publishing in the Official Gazette of the Federation of Bosnia and Herzegovina.