



REPUBLIC OF LITHUANIA

LAW ON SECURITIES

8 January 2007, No. X-1023

Vilnius

SECTION 1

GENERAL PROVISIONS

Article 1. Purpose and Objectives of the Law

1. The purpose of this Law is to regulate the procedure for the drawing up, approval and publication of prospectuses, disclosure and storage of periodic and current information, submission of takeover bids; the Law also shall define the rights and duties of the Lithuanian Securities Commission.

2. This Law is intended to bring into line the regulation of the securities markets with the regulations of the European Union listed in Annex to this Law.

Article 2. Main Definitions

1. **Block of shares** means the share of the voting rights of an issuer held by a shareholder representing 5 percent or more of the total voting shares of a company.

2. **Shareholder** means a person who holds:

1) shares of the issuer acquired thereby in his own name and on his own account;

2) shares of the issuer acquired thereby in his own name but on behalf of another natural or legal person;

3) depositary receipts in respect of shares.

3. **Secondary trading in securities** means an offer to acquire securities and their transfer after the primary trading in securities is over.

4. **Open-ended collective investment undertaking** means an investment fund or an investment company:

1) the sole objective of which is through a public distribution of shares or investment units to raise funds from the public and invest the same collectively into securities and (or) other assets specified in the Law on Collective Investment Undertakings of the Republic of Lithuania operating on the principle of risk-spreading.

2) whose securities (investment units or shares) certify the right of the holder thereof to require at any time them to be redeemed.

5. **The offerree company** shall mean a company the securities whereof are the subject of a bid.

6. **Central storage facility** – the data base storing the regulated and other information;

7. **Multiple-vote securities** shall mean securities included in a distinct and separate class and carrying at the general meeting of shareholders more than one vote each.

8. **Depositary receipt in respect of shares** shall mean a security representing the right of its holder to receive income from the issuer in the amount depending on the amount of the issuer's income from another issuer's shares and the right to exchange the receipt into shares.

9. **Electronic means** are means of electronic equipment for the processing (including digital compression), storage and transmission of data, employing wires, radio, optical technologies, or any other electromagnetic means.

10. **Material event** means an event which is related to the issuer's activity and therefore is or must be known to it, and which might have a significant influence on the market price of the issuer's securities.

11. **Financial brokerage firm** shall mean a firm as defined in the Law on Markets in Financial Instruments.

12. **Criteria for the recognition of natural persons as qualified investors.**

1) the investor has carried out transactions of a significant size on securities markets at an average frequency of, at least, 10 per quarter over the previous four quarters;

2) the size of the investor's securities portfolio is in excess of 500.000 euros;

3) the investor works or has worked for at least one year in the financial sector in a professional position which requires knowledge of securities investment;

13. **Guarantor (underwriter)** means a person securing the discharge of obligations arising from securities and (or) the distribution of securities of the issuer on its own account.

14. **Investor** means a person who holds securities by the right of ownership or intends to acquire them.

15. **Units of collective investment undertakings** means securities (units of a collective investment undertaking or shares of an investment company with variable capital) representing the rights of the participants in such an undertaking over its assets and the right to require such securities to be redeemed at any time.

16. **Consolidated annual report** – as defined in the Law on Consolidated Financial Statements of Entities.

14. **Controlled entity** means an entity:

1) in which a natural person or legal entity has more than half of the total voting rights of the entity; or

2) of which a natural person or legal entity being a participant of the entity has the right to appoint or remove a majority of the members of the administrative, management or supervisory body. The voting rights of a person shall be deemed to include the voting rights held in the general meeting of shareholders of the controlled entity by other controlled persons of the first legal entity; or

3) in which a natural or legal person being a participant of the entity under agreements with other participants has a right to decide on the manner of the use of more than half of the voting rights in the general meeting of shareholders of the entity in question; or

4) over which a natural person or legal entity has the power to exercise a dominant influence;

18. **Credit institutions** means an institution defined in the Law on Financial Institutions of the Republic of Lithuania.

19. **Small and medium-sized enterprises** means legal persons which according to their last annual or consolidated financial statements meet at least two of the following criteria:

1) an average number of employees during the financial year is less than 250;

2) the value of the assets as indicated in the balance-sheet does not exceed EUR 43m;

3) the net sales revenue does not exceed EUR 50m.

20. **Annual report** means the annual report defined in the Law on Financial Statements of Entities of the Republic of Lithuania.

21. **Non-equity securities** mean bonds or other transferable securities certifying the indebtedness except the securities which are equivalent to securities of public companies or which, upon their conversion or the exercise of the rights conferred by them grant the right to acquire shares or securities equivalent to shares.

22. **Securities issued in a continuous and repeated manner** – the continuous issue of securities on tap or at least two separate issues of a similar type and/or class over a period of 12 months.

23. **Equity securities** – shall be the following securities:

1) shares of public companies;

2) other transferable securities equivalent to shares of public companies;

3) transferable securities of any other type giving the right to acquire any of the securities referred to in items 1 and 2 by converting them or through the exercise of the rights conferred by them, provided that securities referred to in this item have been issued by the issuer of the securities underlying those referred to in items 1 and 2 or by an entity belonging to the group of the said issuer;

24. **Takeover bid circular (hereinafter – the circular)** means the document disclosing the main information about the bid.

25. **Parties to the takeover bid** mean the offeror, members of the offeror's Board if the offeror is a legal entity, the offeree company, holders of securities of the

offeree company, and the members of the board of the offeree company, and persons acting in concert with such persons.

26. **Offeror** shall mean a natural or legal person submitting a takeover bid.

27. **Parent company** – as defined in the Law on the Consolidated Financial Statements of Entities of the Republic of Lithuania.

28. **Transferable securities** mean securities as defined in the Law on Markets in Financial Instruments of the Republic of Lithuania except the money market instruments the term of validity whereof is shorter than 12 months.

29. **Primary trading in securities** means an offer to acquire securities and a transfer of these securities at the time of their issuance.

30. **Supervisory authority** means the Lithuanian Securities Commission or the competent authorities of foreign States performing similar functions.

31. **Host Member State** means an EU Member State in which the takeover bid is implemented, the admission to trading is sought, or in which trading in securities on a regulated market is permitted when different from the home Member State;

32. **Mandatory takeover bid** means a mandatory takeover bid announced by a person who has acquired over 40 per cent of votes in the general meeting of shareholders of the offeree company to the holders of the remaining securities of the offeree company, to buy up the remaining voting securities of the offeree company and securities representing the right to acquire such voting securities.

33. **Qualified investors** means investors that are:

1) legal entities holding a license operate in the financial market or operating therein without a license but supervised by competent financial supervisory authorities. Qualified investors include credit institutions, intermediaries in public trading in securities, other financial institutions engaged in licensed or regulated activities, insurance companies, management companies of investment funds, investment companies with variable capital and their management companies, pension funds and their management companies, commodity dealers, as well as entities not do authorised or regulated whose corporate purpose is solely to invest in securities;

2) national and regional public authorities, central banks, international and supranational institutions including the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organizations;

3) other legal entities which do not meet the criteria of small and medium-sized enterprises set forth in par. 23 of this Article;

4) natural persons resident in the Republic of Lithuania included into the list of qualified investors managed by the Securities Commission upon an expressed request by the persons concerned to be considered as qualified investors provided they meet at least two criteria set forth in Art. 2(12) of this Law, also natural persons resident in other Member States of the European Union if included into the analogous lists of qualified investors of those States.

5) small and medium-sized enterprises which have their registered offices in the Republic of Lithuania and are included into the list of qualified investors managed

by the Securities Commission upon an expressed request of such enterprises to be considered as qualified investors, also small and medium-sized enterprises which have their registered offices in other Member States of the European Union provided such enterprises are included into identical or similar lists of qualified investors in those States.

34. **List of qualified investors** means the list of data accumulated on natural persons and small and medium-sized enterprises recognized as qualified investors;

35. **Prospectus** means a document intended for investors and the general public and containing the main information on the issuer and its securities which are offered to the public or admitted to trading on a regulated market.

36. **Approval of the prospectus** means a positive decision of the competent authority of the home Member State passed upon the scrutiny of the completeness of the prospectus, consistency of the information given and its comprehensibility which confirms that the information provided in the prospectus complies with the rules on the provision of information set forth in relevant legal acts.

37. **Regulated information** means the information that the person seeking the admission of its securities to trading on the regulated market without the consent of the issuer shall publish in accordance with the requirements established by this law and other legal acts.

38. **Regulated market** means the market as defined in the Law on the Market in Financial Instruments of the Republic of Lithuania.

39. **Operator of the regulated market** means the operator as defined in the Law on the Market in Financial Instruments of the Republic of Lithuania.

40. **Advertisement** means the advertisements as defined in the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (hereinafter – Commission Regulation (EC) No. 809/2004 of 29 April 2004).

41. **Market maker** – as defined in the Law on Markets in Financial Instruments of the Republic of Lithuania.

42. **Voluntary takeover bid** means the takeover bid announced at the discretion of the person and under the terms established thereby to the holders of securities to purchase all voting securities issued by the offeree company or part thereof, and (or) securities representing the right to acquire the voting securities.

43. **Persons acting in concert** mean legal or legal persons who cooperate with the offeror or the offeree company on the basis of an agreement, either express or tacit, either oral or written, aimed at acquiring the control of the offeree company granted by 40 percent or more of the votes in the general meeting of shareholders of the offeree company or at frustrating the successful outcome of a bid. Persons controlled by other persons, persons acting in concert with that other person, shall also be deemed acting in concert with one another. It shall be deemed that in cases provided for in Article 24 of this Law the persons concerned act in concert.

44. **Management company** means a management company defined in the Law on Collective Investment Undertakings of the Republic of Lithuania.

45. **Member State** means a European Union Member State or a State that belongs to the European Economic Area.

46. **Issue of securities** (hereinafter – the issue) means the issuance of a series of securities conferring identical property and non-property rights to their owners.

47. **Issuer of securities** (hereinafter – the issuer) means a legal person proposing to issue or issuing its securities. A legal person incorporated in the Republic of Lithuania shall be considered an issuer:

1) where its securities have been admitted to trading on a regulated market in the Republic of Lithuania and / or other Member State;

2) where the prospectus of the securities issued after 12 July 2005 have been approved by the Securities Commission and the securities issued on the basis thereof have been publicly offered or admitted to trading in a regulated market; or

3) other person provided its securities are offered publicly. The securities of the issuer shall be considered to be offered publicly where starting from 1 January 2002 the issuer has issued to public trading at last one issue of securities and the general meeting if shareholders of such issuer has decided within 6 months from the coming into effect of this Law decided to continue the public offering of securities. Where the documents confirming the decision to continue the public offering of securities within 6 months are not submitted to the Securities Commission, such legal person established in the Republic of Lithuania under the present Law is not considered to be the issuer.

48. **Manager of the issuer of securities means** a member of the supervisory board, the board, the manager of the issuer.

49. **Securities market** means a place where securities are traded in an organised way.

50. **Offeror of securities** means a natural or legal person offering or intending to offer securities publicly.

51. **Public offering of securities** means a communication to persons in any form and by any means offering securities and presenting sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe to these securities. Offering of securities through intermediaries of public trading in securities shall also be deemed public offering provided it meets the features of the public offering described in the first sentence of this item. Communication to persons on the basis of trading in the regulated market of the Republic of Lithuania is not deemed to be the public offering of securities.

52. **Intermediaries of public trading in securities** (hereinafter – intermediaries) mean financial brokerage firms and commercial banks authorised to provide investment service

53. **Foreign supervisory authority** means a supervisory authority performing in a non-Member State the functions comparable to those assigned under the present Law to the Securities Commission.

Article 3. Application of the Law to Securities

For the purpose of this Law securities are deemed to constitute the transferable securities defined in the Law on Markets in Financial Instruments.

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SECTION 2

PUBLIC OFFERING AND ADMISSION OF SECURITIES TO TRADING ON A REGULATED MARKET

Article 4. Scope of Application

1. This Section defines requirements for the preparation, approval and publication of the prospectus to be complied by the issuer whose home Member State is the Republic of Lithuania, the securities are intended to be offered publicly or admitted to trading in a regulated market in the Republic of Lithuania or other Member State of the European Union. Where the home Member State of an issuer is other than the Republic of Lithuania the requirements set forth in this Section shall be complied with where the securities are intended to be offered publicly or admitted to trading on a regulated market of the Republic of Lithuania.

2. The requirements of this Section are not applied to:

1) securities issued (to be issued) by open-type collective investment undertakings;

2) non-equity securities issued (to be issued) by a Member State of the European Union, its regional or local authorities, the European Central Bank, central banks of the European Union, also public international organizations of which at least one European Union Member State is a member.

3) shares in the capital of central banks of Member States of the European Union;

4) securities unconditionally and irrevocably guaranteed by a Member State or by one of a Member State's regional or local authorities;

5) non-equity securities issued in a continuous or repeated manner by credit institutions of the European Union provided such securities are not subordinated, converted or exchangeable, do not give a right to subscribe to or acquire other types of securities or that they are not linked to a financial derivative, and that they materialize reception of repayable deposits;

6) publicly offered securities issued by an issuer incorporated in a European Union Member State, provided the total consideration for the offer is less than 2.5m euros, which limit shall be calculated over a period of 12 months;

7) non-equity securities issued in a continuous and repeated manner by credit institutions where the total consideration for the offer is less than 50m euros, which limit shall be calculated over a period of 12 months, provided such securities are not subordinated, converted or exchangeable, do not give a right to subscribe to or acquire other types of securities or that they are not linked to a financial derivative.

3. Where in cases referred to in items 2, 4, 6 and 7 of par. 2 of this Article the securities are intended to be offered publicly or asked for admission to trading, the issuer, an offeror or a person asking for admission to trading on a regulated market shall be entitled to draw up a prospectus.

4. **Home Member State** means:

1) for all Community issuers of securities which are not referred to in item 3 of this paragraph, shall be the Member State where the issuer has its registered office.

2) for all non-Community issuers of securities which are not referred to in item 3 of this paragraph, shall be the Member State in which the securities were publicly offered for the first time after 31 December 2003, or intended to be offered, or the first application for admission to trading on a regulated market is made. The home Member State shall be designated at the discretion of the issuer offering the securities of a person asking for admission, and in case no choice was made, – by the later choice of issuers incorporated in a third country.

3) for any issues of non-equity securities whose denomination per unit amounts to at least 1,000 euros, or for any issues of non-equity securities giving the right to acquire any transferable securities or to receive a cash amount as a consequence of them being converted or the rights conferred by them being exercised, provided that the issuer of non-equity securities is not the issuer of the underlying securities and is not related to the issuer of the underlying securities, – the Member State in which the issuer has the registered office or where the securities were or are to be admitted to trading on a regulated market, or where the securities are offered to the public. The home Member State shall be established at the choice of the issuer, the offeror or a person asking for admission of its securities to trading on a regulated market. The same regime shall be applicable to non-equity securities in a currency other than euro, provided that the minimum nominal value of such security is not less than 1,000 EUR.

Article 5. Obligation to publish a prospectus

1. The public offering of securities may be exercised in the Republic of Lithuania only after the issuer or the offeror publishes the prospectus in the manner set forth in this Section of the Law.

2. The obligation to publish a prospectus shall not apply in the presence of at least one of the following conditions:

1) an offer of securities addressed solely to qualified investors;

2) an offer of securities addressed to fewer than 100 natural or legal persons per Member State, other than qualified investors; and(or);

3) an offer of securities addressed to investors who acquire securities for a total consideration of at least 50,000 EUR for each separate offer;

4) an offer of securities whose denomination per unit amounts to at least 50.000 euros, and(or);

5) an offer of securities with a total consideration of less than 100,000 euros, which limit shall be calculated over a period of 12 months.

3. Any subsequent resale of securities referred to in par. 2 of this Article shall be regarded as a separate offer, and the provision of Article 2(51) shall apply for the purpose of deciding whether that resale is an offer of securities to the public. The placement of securities through financial intermediaries shall be subject to publication of a prospectus, where the final placement does not qualify for any of the exemptions specified in par. 2 of this Article.

4. The admission of securities to trading on a regulated market operating in the Republic of Lithuania is subject to the publication of a prospectus by the person

seeking the admission of securities to trading on a regulated market in the manner stipulated in this Section.

5. The Securities Commission shall establish general exemptions applicable to securities the public offer or admission to trading on a regulated market whereof is not subject to the obligation to publish the prospectus.

Article 6. Drawing up of the Prospectus

1. The prospectus shall present all information on the issuer and its securities to be offered to the public or admitted to trading on a regulated market. The prospectus shall contain all information which, according to the particular nature of the issuer and securities offered to the public or admitted to trading on a regulated market, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and loss, and prospects of the issuer and of any guarantor (underwriter), and of the rights attaching to such securities. The information in the prospectus shall be presented in an easily analysable and comprehensible form.

2. Where the final price and the number of securities intended to be offered publicly cannot be indicated in the prospectus, then:

1) the prospectus shall define the criteria and (or) terms for the determination of the number, price or the maximum price of the securities; or

2) the investor shall have a right, by filing an application in an ordinary written manner to the person specifically indicated in the prospectus, revoke the acquisition of or subscription to securities not later than within two working days after the notification to the Securities Commission has been submitted or a public announcement has been made in the manner defined in this Section of the final offer price and the number of securities to be offered publicly;

3. the Securities Commission may authorise the omission from the prospectus of a certain information the inclusion whereof is required under the provisions of the Commission Regulation (EC) No 809/2004 of 29 April 2004 where there is a basis to consider that:

1) the disclosure of such information would be contrary to the public interest;

2) the disclosure of such information would be detrimental to the issuer provided that the omission of such information would not be likely to mislead the public with regard to facts and circumstances essential for assessment of the issuer, each guarantor (underwriter) or the offeror of securities, also the rights assigned by securities in respect of which the prospectus is being drawn up; or

3) such information is not material in respect of the specific offer or admission to trading on a regulated market and may not have an impact upon the assessment of the financial position or prospects of the issuer, underwriter or the person offering the securities to the public.

4. Upon the choice of the offeror of the securities or person asking for an admission to trading on a regulated market the prospectus may be drawn up as a single document or as several separate documents. Where the prospectus is drawn up as a single document shall contain a summary in a brief and comprehensible manner indicating the main characteristics of the issuer, each underwriter or securities and the related risks. The prospectus composed of separate documents shall contain the

registration document, the securities note and the summary note. The information in the prospectus may be provided by way of reference.

5. The contents of the prospectus, the form of its constituent parts and the procedure for the drawing up of the prospectus shall be determined by the Securities Commission.

Article 7. Responsibility attaching to the prospectus

1. Responsibility for the correctness and completeness of the information presented in the prospectus attaches to the issuer, the underwriter, the administrative, management and supervisory bodies of the issuer, offeror of securities and the person asking for admission to trading on a regulated market. Apart from the mentioned persons and company bodies, other persons maybe designated as responsible for the information presented in the prospectus. The persons responsible shall be clearly identified in the prospectus: name, last name and current position of the natural person, name of the legal person and the registered address. Alongside the declaration of responsible persons may be attached to the prospectus to the effect that to the best knowledge the information contained in the prospectus is in accordance with the facts and that no material information has been omitted.

2. The investor who suffered damage due to the inaccurate or incomplete information presented in the prospectus shall have a right to claim indemnity from the persons responsible in the manner stipulated in the Civil Code. However, no civil liability shall arise when the investment decision has been made solely on the basis of the information presented in the summary (including the translation thereof), unless the summary, when read with other parts of the prospectus, is misleading, inaccurate or inconsistent.

3. The Securities Commission shall have a right to require that the issuer, offeror of securities or the person asking for the approval of the prospectus, where the registered office of the issuer is outside the Community, submit a document specifying the persons responsible for the correctness and completeness of each item of information presented in the prospectus, and signed by such persons, including the consultants of the Republic of Lithuania involved in the drawing up of the prospectus or counselling the issuer, offeror of securities or the person applying concerning the approval of the prospectus.

Article 8. Approval of the prospectus

1. No prospectus shall be published until it has been approved by the Securities Commission or the competent authority of another Member State of the European Union.

2. The Securities Commission shall notify the issuer, the offeror of securities or the person asking for admission of securities to trading on a regulated market of its decision concerning the approval of the prospectus not later than within 10 working days from the submission of the prospectus for approval.

3. The time limit referred in par. 2 of this Article shall be extended to 20 working days where the securities intended for public offering have been issued by the issuer does not have any securities admitted to trading on a regulated market or who has not previously offered securities to the public.

4. Where within the time limit established by the present Article the Securities Commission does not pass any decision the prospectus shall be deemed not approved.

5. Where the Securities Commission finds that the documents submitted to it are incomplete or the Commission has reasonable grounds to require additional information to be submitted, the Securities Commission shall within 10 working days from the submission of the application to approve the prospectus notify the issuer, the offeror of securities or the person asking for admission to trading on a regulated market of its requirement to be submitted supplementary documents or information. The time limit referred to in pars. 2 and 3 shall apply from the date the supplementary information or material are submitted to the Securities Commission.

6. Upon a prior consent of the competent authority of another Member State the Securities Commission shall have a right to transfer the prospectus to such authority to be approved. The Securities Commission shall notify the issuer, the offeror of securities or the person asking for admission to trading on a regulated market of its decision to transfer the approval of the prospectus to the competent authority of another Member State not later than within 3 working days from the passing of the decision. In this case the time limits referred to in pars. 2 and 3 of this Article shall apply from the date of the decision by the Securities Commission to transfer the approval of the prospectus to the competent authority of another Member State.

7. Upon the receipt of the application to approve the prospectus the Securities Commission shall have a right to:

1) require that the issuer, the offeror of securities or the person asking for admission to trading on a regulated market submit in the prospectus the information necessary for the protection of investor interests;

2) require that the issuer, the offeror of securities or the person asking for admission to trading on a regulated market, as well controlling persons and persons controlled by them submit to the Securities Commission supplementary information or documents necessary for passing the decision concerning the approval of the prospectus;

3) require that the managers and auditors of the issuer, the offeror of securities or the person asking for admission to trading on a regulated market, also intermediaries executing the public offering of securities or applying for admission to trading on a regulated market submit to the Securities Commission supplementary information or documents necessary for passing the decision concerning the approval of the prospectus;

8. The Securities Commission shall pass a decision concerning the approval of the prospectus having scrutinised the prospectus for its completeness, including the compatibility and comprehensiveness of the prospectus. The approval of the prospectus shall mean that the information submitted in the prospectus are in accordance with the regulations on the provision of information stipulated in this Law and other legal acts. The approval of the prospectus shall not be deemed the confirmation of the correctness of the information also it shall not be considered the recommendation of the Securities Commission to investors.

9. The Securities Commission shall have a right to refuse the prospectus, where:

1) the issuer has provided the required information not in compliance with the rules on the submission of information established by this Law and other legal acts.

2) the issuer failed to provide the documents or explanations stipulated in the regulations of the Securities Commission or it was established that the documents or information were false.

3) the securities of the issuer have been issued in violation of the laws of the Republic of Lithuania or Resolutions of the Securities Commission.

Article 9. Publication of the prospectus

1. The issuer, the offeror of securities or the person asking for admission to trading on a regulated market shall furnish the approved prospectus to the Securities Commission and publish the prospectus without delay, in any case in advance of the offer to the public or the admission to trading of the securities involved. Having published the prospectus the issuer, the offeror of securities or the person asking for admission to trading on a regulated market shall without delay post such prospectus into the Central storage facility in the manner defined in Article 28 of this Law.

2. The prospectus shall be deemed available to the public when published either:

1) in at least one newspaper of national circulation in case the public offer shall be executed or the admission to trading in the regulated market of the Republic of Lithuania is sought ;

2) in the form of a brochure handed out free of charge in the registered office of the issuer, the registered office of the operator of the market on which the securities will be traded, or the offices of intermediaries of public trading in securities (including the paying agents) placing or selling the securities to all persons desiring to receive such brochure;

3) in electronic form in the Internet website of the issuer and the Internet website of intermediaries (including the paying agents) placing or selling the securities;

4) in electronic form in the Internet website of the operator of the regulated market in which the admission to trading is sought.

3. Where the prospectus is published in the manner specified in items 1 or 2 of par. 2 of this Article, the prospectus shall be additionally published electronically in the manner stipulated in item 3 of par. 2 of this Article. The hard copy of the electronically published prospectus shall be handed out to the investor free of charge, if he so requests. The copy of the prospectus shall be submitted by the issuer, offeror of the securities or the person seeking admission to trading on a regulated market, or the intermediaries selling or otherwise placing the securities.

4. The Securities Commission shall publish in its Internet website the list of prospectuses approved in the course of the previous 12 months.

5. In case of a prospectus comprising several documents and/or incorporating information by reference, the documents and the information making up the prospectus may be published and circulated separately provided that all the documents and the information making up the prospectus are made available to the public free of charge, in the manner stipulated in pars. 2 and 3 of this Article. Each separately

published document must indicate where the other constituent documents of the full prospectus may be obtained.

6. The text and the format of the prospectus and the annexes thereto shall be identical to the original version of the prospectus and the annexes approved by the Securities Commission.

Article 10. Validity of the Prospectus and the Supplements to the Prospectus

1. The prospectus shall remain in effect for a period of 12 months provided all conditions stipulated in par. 2 of this Article are complied with.

2. Every significant new factor, material mistake or inaccuracy related to the information included in the prospectus which is capable of affecting the assessment of the securities concerned, and which arises or is noted between the time when the prospectus is approved and the final closing of the offer to the public, or the time when trading on a regulated market begins, shall be mentioned in the supplement to the prospectus. Such supplement shall be approved in the same way as the prospectus itself, and shall be published not later than within 7 working days from the submission of the documents in the same procedure as the prospectus itself. The summary and any translation thereof shall also be supplemented if necessary to take into account the new information included in the supplement. Investors who have already agreed to purchase or subscribe for the securities before the supplement is published, shall have the right, exercisable within the time limit shorter than 5 working days after publication of the supplement to the prospectus to withdraw its acceptance, and the issuer, the offeror of the securities or the person seeking admission to trading on a regulated market shall repay their contributions within 10 working days without any deductions made.

Article 11. Advertising of Securities

1. Any type of advertisements relating either to the offer to the public of securities or an admission to trading on a regulated market shall be performed only while observing the principles defined in pars. 2-6 of this Article. The requirements defined in pars. 2-5 of this Article shall be mandatory in cases the publication of the prospectus is mandatory.

2. Advertisements shall state that a prospectus has been or will be published and indicate where investors are or will be able to obtain it.

3. The information contained in an advertisement shall be accurate and not misleading. The information shall also be consistent with the information contained in the prospectus, if already published, or with the information required to be published in the prospectus, if the prospectus is to be published afterwards.

4. In any case, all information concerning the offer to the public or the admission to trading on a regulated market disclosed in an oral or written form, even if not for advertising purposes, shall be consistent with that contained in the prospectus. 5. Where the issuer or the offeror of securities related to the public offer is addressed to qualified investors or special categories of investors (including the information disclosed at the meetings related to the public offer), such information shall be included into prospectus or the supplement to the prospectus in the manner defined by the Securities Commission.

6. When according to this Law or the regulations approved by the Securities Commission no prospectus is required, and the issuer or the offeror of the securities is addressing the persons referred to in par, 5 of this Article, such information shall be disclosed to the specified persons on equal terms.

7. The control over the compliance with these requirements shall be exercised by Securities Commission. Where the Securities Commission has grounds to suspect the violation of the provisions of this Article, the Securities Commission shall have a right to prohibit or to suspend the advertising of securities for a period not exceeding 10 successive working days.

Article 12. Peculiarities of the Public Offering and Admission to Trading on a Regulated market of Securities of the Issuer Established in the Republic of Lithuania in another Member State of the European Union

1. Upon the receipt of the request of the issuer of the person responsible for drawing up the prospectus to offer the securities to the public or seek admission to trading on a regulated market in another Member State of the European Union, the Securities Commission, not later than within 3 working days following the request, if submitted together with the approved prospectus, or not later than on the next working day after the approval of the prospectus, if the request is filed with the draft prospectus, provide the competent authority of the host Member State with a copy of the prospectus and a certificate of approval attesting that the prospectus has been drawn up in accordance with the legal requirements. Where the legal acts of the host Member State stipulates that a translation of the summary of the prospectus must be provided, the Securities Commission shall additionally provide the translation of the summary of the prospectus prepared by the issuer or another person responsible for the drawing up of the prospectus, as well as the supplement to the prospectus, in case of an obligation, under the provisions of this Law, to provide the supplement of the prospectus.

2. In case of the presence of the basis under the present Law not to provide in the prospectus certain information, such basis and other motives for omitting the information shall be specified in the certificate of approval.

Article 13. Offer to the public and admission to trading on a regulated market in the Republic of Lithuania of securities issued by an issuer whose home Member State is other than the Republic of Lithuania

1. Securities issued by an issuer whose home Member State is other than the Republic of Lithuania may be offered to the public or admitted to trading on a regulated market in the Republic of Lithuania only after the competent authority of the home Member State provides the Securities Commission with a copy of the prospectus and the certificate of approval attesting that the prospectus has been drawn up in accordance with the requirements of the legal acts of the home Member State.

2. In case the prospectus has been drawn up in a language other than Lithuanian, the translation of the summary of the prospectus shall be submitted together with the prospectus and the certificate of approval, as well as the supplements to the prospectus in case of an obligation, under legal acts of the home Member State to provide the supplements to the prospectus.

3. Where the Securities Commission determine that the issuer or the financial institutions responsible for the public offering of securities have violated the legal requirements of this Law and other legal acts applied to the issuers whose securities

are publicly offered or admitted to trading on a regulated market it shall immediately notify the home Member State of the determined violations. Where the issuer or the financial institution responsible for the public offering of securities disregarding the sanctions imposed by the competent authorities of the home Member State continues to violate the requirements set forth in this Law and other legal acts, or it becomes evident that the imposed sanctions were not sufficient, the Securities Commission, having in advance notified the competent authority of the home Member State thereof, takes all the necessary measures to protect the interests of investors. The Securities Commission shall immediately notify the European Commission of the measures imposed in this respect.

Article 14. Issuers incorporated in non-EU Member States

1. The Securities Commission shall have a right to approve the prospectus concerning the offer of securities to the public or the admission to trading on a regulated market of securities of the issuer whose registered office is in a non-EU Member State, and the home Member State for the purpose of Art. 2(34) of this Law is the Republic of Lithuania, where the prospectus has been prepared in accordance with the requirements of the legal acts of the issuer's home State, provided that:

1) the prospectus has been drawn up in accordance with the international standards approved by the international securities commissions organisations, including the Disclosure standards approved by IOSCO.

2) requirements stipulated in respect of the presented information (including the information of financial nature) correspond with the requirements defined in this Law.

3) where the securities issued by the issuer stipulated in par. 1 of this Article are publicly offered or admitted to trading on a regulated market in one or several Member States of the European Union, or one or several Member States of the European Union except Lithuania, requirements of Articles 12 and 13 of this Law shall apply.

Article 15. The Language of the Prospectus of the Issuer Whose Home Member State is the Republic of Lithuania

1. Where the securities are offered publicly or admission to trading on a regulated market is sought in the Republic of Lithuania only, the prospectus shall be drawn in the Lithuanian language.

2. Where the securities are offered publicly or admission to trading on a regulated market is sought in one or several Member States of the European Union except the Republic of Lithuania the prospectus submitted for approval of the Securities Commission upon the choice of the issuer, the offeror of securities or the person applying for admission to trading on a regulated market shall be drawn up in the Lithuanian language or the language used in the area of international finance.

3. Where the securities are offered publicly or admission to trading on a regulated market is sought in the Republic of Lithuania and one or several Member States of the European Union the prospectus submitted to the Securities Commission for approval shall be drawn up in the Lithuanian language or another language acceptable to the Securities Commission. In the event the prospectus is drawn up in the Lithuanian language, the translation of the prospectus shall be submitted upon the choice of the issuer, offeror of securities or the person seeking admission to trading on

a regulated market into the language acceptable to the competent authority of the host Member State or the language used in the area of international finance. In case the prospectus is drawn up in the language used in the area of international finance, additionally the summary prospectus shall be provided in the Lithuanian language.

4. In case admission to trading on a regulated market in one or several Member States of the European Union is sought in respect of non-equity securities of the nominal value not less than 50,000 EUR, upon the choice of the issuer, offeror of the securities or the person seeking admission to trading the prospectus shall be drawn up in the language of the home Member State and the language acceptable to the competent authorities of the host Member State, or the language used in the area of international finance. Where the securities shall be admitted to trading on a regulated market in the Republic of Lithuania, additionally the summary of the prospectus in the Lithuanian language shall be drawn up.

Article 16. Primary Trading in Securities

1. The primary trading in securities shall be conducted where the issuer offers the securities himself or under agreements with the intermediaries. The securities may also be offered with the aid of the organisational-technical measures of the operator of the regulated market and (or) the settlement system in accordance with the rules approved by the Securities Commission.

2. In the course of the primary trading all persons entitled to acquire securities shall be ensured the equivalent terms for the acquisition of securities. Each investor shall be provided with a possibility to familiarise himself with the prospectus drawn up, approved and published in the manner defined in this Section.

3. The procedure for the offering of securities, the payment procedure and the time limits may be modified only with the consent of the Securities Commission in the course of the offering of securities. In this case the supplement of the prospectus shall be approved and published in the manner defined in Article 10 (2) of this Law. It shall be prohibited to modify the price, nominal value, class and type of the issue of securities.

4. All requirements of the primary trading of securities shall also apply in the situation the offering is made by an intermediary for the securities acquired under firm commitment underwriting agreement.

5. Where the shares of a company are subscribed to or acquired by a person acting in its own name but in the interests of the company and(or) the company's account, it shall be deemed that the shares are acquired to or subscribed for by the company whose shares are acquired or subscribed. The company that has acquired the own shares from an intermediary of public trading in securities who had purchased the securities while implementing price stabilisation measures based on the provisions of Commission regulation (EC) No. 2273/2003, shall be exempted from the requirement to submit a bid.

6. The issuer shall be prohibited from acquiring own securities.

Article 17. Secondary Trading in Securities

The secondary trading in securities shall be conducted in accordance with the provisions of the Law on Markets in Financial Instruments of the Republic of Lithuania.

Article 18. Disclosure of Information on Material Events

1. An issuer whose securities admitted to trading on a regulated market must, in the manner prescribed by the Securities Commission, promptly notify the operator of the regulated market at which the securities issued thereby are being traded, the Securities Commission, and in the manner prescribed in Article 28 of this Law make public and post in the Central storage facility an information notice on each material event with the exception of events specified in par. 3 of this Article. The notification must specify the nature of the event and provide its brief description.

2. The Securities Commission, taking into consideration the size of the issuer and the volume of turnover of its securities, may provide that a material event is to be disclosed not immediately but within 5 working days.

3. If disclosure of information referred to in par. 1 may inflict financial or competition-related losses on the issuer, and the non-disclosure of such information would not mislead the public and the issuer is able to ensure the confidentiality of such information, it may be exempt from the obligation to publish this information and submit it only to the Securities Commission with a mark "Confidential information". The issuer shall provide a written explanation of the reasons precluding the disclosure of information and specify therein the date until which the information must remain confidential. On the day the confidentiality of the information expires it must be disclosed in the manner set out in par. 1 of this Article. The Securities Commission may require disclosure of information on a material event prior to the expiry of the confidentiality term specified by the issuer if:

- 1) the basis for non-disclosure of information referred to in this paragraph no longer exists;
- 2) information has been disclosed to persons to whom such information should not have been disclosed.

4. The operator of the regulated market may set out additional requirements for the disclosure of material events to be applied to issuers whose securities are admitted to trading on a regulated market.

SECTION 3

DISCLOSURE OF PERIODIC AND ONGOING INFORMATION

Article 19. Scope

1. The requirements for the disclosure of periodic and ongoing information provided for in this Section of the Law shall apply to issuers whose home Member State is the Republic of Lithuania. Where the home Member State of the issuer is not the Republic of Lithuania, the requirements of this Section shall be complied with in cases where the securities of the issuer have been admitted to trading on a regulated market only in the Republic of Lithuania.

2. For the purpose of the present Section the home Member State:

1) in the case of an issuer of equity securities and non-equity securities the denomination per unit of which is less than EUR 1,000 – the Member State in which the issuer has its registered office, where the issuer is incorporated in a Member State;

2) in the case of an issuer of equity securities and non-equity securities the denomination per unit of which is less than EUR 1,000 – the Member State considered the home Member State in accordance with the requirements of Section Two of this Law, where the issuer is incorporated in a non-Member State;

3) in case of an issuer not indicated in items 1 and 2 – the Member State where the issuer has its registered office or the Member State in which the securities of the issuer have been admitted to trading on a regulated market. The home Member State shall be established at the choice of the issuer. The issuer may choose only one Member State which shall be for not less than three years considered its home Member State, except the cases where the securities of the issuer are no longer traded on a regulated market. The issuer shall notify the competent authority of the selected State of its choice of a Member State and publish such information in the manner stipulated in Article 28 of this Law.

3. Issuers established in a non-Member State whose home Member State is not the Republic of Lithuania shall disclose the periodic and ongoing information in accordance with the procedure established in this Section where the securities of such issuers are publicly offered or admitted to trading on a regulated market in the Republic of Lithuania.

4. The requirements of this Section shall not apply to securities to be issued (issued) by the open-type collective investment undertakings.

Article 20. Disclosure of Periodic Information

1. The issuers in the manner established by the Securities Commission shall draw up and make public, post in the Central storage facility and submit to the Securities Commission the following periodic information:

- 1) annual information;
- 2) interim information.

2. the requirement to draw up the interim information shall apply to issuers whose securities are admitted to trading in a regulated market in the Republic of Lithuania.

3. The publication of the information and the storage thereof in the Central storage facility shall be subject to the requirements stipulated in Article 28 of this Law. The issuer must provide to each holder of the securities issued by it a possibility to familiarize himself with all the periodic report specified in this Article free of charge and, on the latter's request, provide to him copies of these reports. For making copies of the reports the issuer may charge a fee in the amount set in its Articles of Association which may not exceed the amount of copy production expenses.

4. The obligation stipulated in par. 1 of this Article shall not apply to the issuers:

- 1) the nominal value of whose issued non-equity securities is not less than EUR 50.000.
- 2) the Member State, its regional public authorities, the European Central Bank, central banks of Member State and public international bodies of which at least one Member State is member.

5. The obligation to draw up an interim information shall not apply to credit institutions whose shares are not admitted to trading on a regulated market and which have, in a continuous or repeated manner issued non-equity securities only provided that the total nominal amount of all such securities remains below EUR 100m and they have not published the prospectus. The documents of periodic information shall clearly identify the responsible persons: name and last name of the natural person, position held, name of the legal person and the registered office address.

Article 21. Annual information

1. The annual information shall be comprised of the audited annual financial statements, annual report and the statements made by the persons responsible within the issuer that, to the best of their knowledge, the financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the annual report includes a fair review of the development and performance of the business and the position of the issuer and in relation to the description of the main risks and contingencies faced by the issuer. An independent auditor's opinion shall be attached to the annual information.

2. Where the issuer is required to prepare consolidated financial statements the annual information shall comprise the annual consolidated financial statements, consolidated annual financial statements, consolidated annual report and the statement made by the persons responsible within the issuer that, to the best of their knowledge, the annual consolidated financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the group of undertakings and the consolidated annual report includes a fair review of the development and performance of the business and the position of the issuer and the group of undertakings in relation to the description of the main risks and contingencies faced thereby. The annual consolidated financial statements shall be submitted together with the annual financial statements of the parent company. The annual consolidated financial statements and the annual financial statements of the parent company shall be audited.

3. The annual report of the issuer whose securities are traded on a regulated market operating in the Republic of Lithuania shall contain a notification that the issuer complies with the Code of Governance of the companies whose securities are traded on a regulated market approved by the operator of the regulated market. In the event the Code or certain provisions thereof are not complied with the notification shall specify which provisions are not complied with and for what reasons.

4. The annual information shall be published and submitted to the Securities Commission not later than within 4 months from the end of the financial year.

5. The annual and the annual consolidated financial statements of the issuers established in the Republic of Lithuania shall be subject to the requirements of accounting and financial reporting provided for in the legal acts of the Republic of Lithuania. The annual consolidated financial statements of the issuers established in Member States whose securities are admitted to trading on a regulated market in one

or several Member States shall be drawn up in accordance with the International Accounting Standards. The annual financial statements of these issuers and the annual and the annual consolidated financial statements of other issuers incorporated in Member States whose securities are not admitted to trading on a regulated market shall be drawn up in accordance with the requirements of the national legal acts of the Member State of the incorporation of the issuer. The annual and the annual consolidated financial statements of the issuers established in non-Member States shall be drawn up in accordance with the International or Generally accepted accounting principles.

6. The Securities Commission shall have a right to specify and elaborate the requirements applied to the annual report of the issuers set forth in this law and other legal acts, and establish other additional requirements or revise the procedure for the submission of the information provided for in this Article to the Securities Commission.

Article 22. Interim information

1. The interim information shall comprise the 3, 6, 9 and 12 months' interim financial statements and the statement made by the persons responsible within the issuer that, to the best of their knowledge, the interim financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer. When publishing a 6 month's interim information additionally a 6 month's interim report shall be published and the statement of the persons responsible that, to the best of their knowledge, the interim report includes a fair review of the development and performance of the business. In the event the interim financial statements have been audited the interim financial statements shall be published together with the opinion of the independent auditor.

2. Where the issuer is required to prepare consolidated financial statements the interim information shall comprise the 3, 6, 9 and 12 months' interim consolidated financial information and the statement made by the persons responsible within the issuer that, to the best of their knowledge, the interim financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the group of undertakings. When publishing a 6 month's interim information additionally a 6 month's interim report shall be published and the statement of the persons responsible that, to the best of their knowledge, the interim report includes a fair review of the development and performance of the business.

3. The interim information shall be published and submitted to the Securities Commission immediately after the end of the relevant financial period but in any case not later than within 2 months from the end of that period.

4. The interim and the interim consolidated financial statements of the issuers established in the Republic of Lithuania shall be subject to the requirements of accounting and financial reporting provided for in the legal acts of the Republic of Lithuania. The interim consolidated financial statements of the issuers established in Member States whose securities are admitted to trading on a regulated market in one or several Member States shall be drawn up in accordance with the International Accounting Standards applicable to the interim financial statements. The interim financial statements of these issuers and the interim and the interim consolidated

financial statements of other issuers incorporated in Member States whose securities are not admitted to trading on a regulated market shall be drawn up in accordance with the requirements of the national legal acts of the Member State of the incorporation of the issuer. In cases where the interim financial statements are drawn up not in accordance with the International Accounting Standards, the interim financial statements shall include at least the simplified balance sheet, simplified profit (loss) account and the explanatory note. The interim and the interim consolidated financial statements of the issuers established in non-Member States shall be drawn up in accordance with the International or Generally accepted accounting principles.

5. The Securities Commission shall have a right to revise the requirements for the interim report of the issuers established in this law and other legal acts, establish the minimum contents of the interim financial statements drawn up not in accordance with the International Accounting Standards and establish other additional requirements or revise the procedure for the submission of the information provided for in this Article to the Securities Commission.

Article 23. Obligation to Inform about Acquisition or Disposal of a Share Holding

1. A person who acquires 5, 10, 15, 20, 25, 30, 50, 75 and 95 percent of votes at the general meeting of shareholders of an issuer must, not later than within 4 trading days, inform the Securities Commission and the issuer about the total amount of votes. This obligation shall also be binding where the specified limits are exceeded in the descending or the ascending order.

2. The obligation provided for in paragraph 1 of this Article shall arise on the day when the person finds out about the acquisition or disposal of a respective amount of votes or, depending on circumstances, is supposed to learn about it.

3. The obligation specified in paragraph 1 of this Article shall be binding to the person directly or indirectly holding the securities that subject to a formal agreement and upon an initiative of the holder thereof entitles him to acquire in the future the securities issued by the issuer.

4. The obligation provided for in paragraph 1 of this Article shall not be binding to an enterprise belonging to a group of enterprises obliged to draw up consolidated financial statements, if a respective notification is submitted to the enterprise by its parent undertaking or by the ultimate parent undertaking of both.

5. The obligation provided for in paragraph 1 of this Article shall not be binding upon a person who acquires the securities of the issuer only for the purposes of the mid-accounting or the settlement during the regular short-term settlement cycle. The maximum possible short-term accounting cycle shall be 3 trading days from the conclusion of the transaction.

6. The obligation provided for in paragraph 1 of this Article shall not be binding upon the account managers registered in Member States and foreign States who, acting as account managers in the general meeting of shareholders have a right to vote upon the votes attached to the shares only following the instructions of the customers submitted in writing or electronically.

7. The obligation provided for in paragraph 1 of this Article shall not be binding upon the market maker who performing the activity of the market maker is

not involved in the management of the issuer in whose general meeting of shareholders he had acquired or disposed of 5 percent of votes or the votes above this threshold, and due to such acquisition or maintaining of the price does not affect the issuer. The market maker shall within 4 trading days notify the competent authority of the use of such exemption.

8. The issuer shall within 3 trading days from the receipt of the notification specified in paragraph 1 of the Article in the manner stipulated in Article 28 of the Law make the information provided in the notification public and shall upload such information into the Central storage facility.

9. A person who fails to fulfil the obligation specified in paragraph 1 of this Article within a set term, for two years from the moment of clarification of correct data, shall lose the right to hold at general meetings of the issuer's shareholders more votes than the last threshold about which he has duly informed. Moreover, all decisions adopted during the period between the acquisition of the share holding and the moment of correct information disclosure may be annulled following judicial procedure if the issuer's managers have been changed or property or non-property rights of shareholders have been violated by these decisions.

10. The Securities Commission shall have a right to adopt the legal acts specifying the duties and obligations of the issuer and other persons and the contents and the procedure for the submission of the notification referred to in paragraph 1 of this Article.

Article 24. The Procedure of Calculation of Votes Held by a Person

1. For the purpose of this Law, votes held by a person shall be deemed the right to vote that:

1) are granted to a person by shares thereby by the right of ownership (except where they are pledged as security and the agreement thereof provides for a transfer of the voting right to the security holder);

2) are held by another person with whom that person has concluded a voting agreement on a lasting common policy towards the management of the company in question;

3) are held by another person with whom he had concluded a provisional agreement on the transfer of voting rights;

4) are granted by shares that have been pledged or transferred as a financial security provided the security holder is authorised to use the voting rights attaching to the shares;

5) are granted by shares which he as an usufruct is authorised to use all his life or a predetermined period of time that shall not be longer than the duration of the person's lifespan;

6) are according to items 2-5 of this paragraph held by the entity controlled by the person;

7) are granted by the shares transferred to him by trust or otherwise deposited to him where the person, in the absence of other instructions may exercise the voting rights by trust;

8) are granted by shares acquired to his benefit but in the name of another person;

9) may be used by the person at its own discretion under the authorisation or under other agency basis;

10) are granted by the shares held by the spouse of the person except cases when nuptial agreements provide that securities are regarded as personal property of each of the spouses;

2. The manager of the issuer shall be considered to be holding votes of other managers of the issuer if the Securities Commission, having considered evidence submitted by the manager to prove independence of his actions, has not resolved otherwise.

3. The voting rights shall be calculated taking into account all voting shares of the same class even where the right to use such rights have been suspended.

4. Item 4 of paragraph 1 of this Article and Article 23 shall not apply to the members of the Central European Bank system, performing the monetary functions, also effecting the pledge, refund or other equivalent transactions within the payment system or for the purposes of the monetary policy. This exclusion shall apply to short-term transactions provided the rights attaching to the shares shall not be exercised.

5. The voting rights of the management company held in accordance with this Article and Article 23 of this Law shall not be required to be aggregated with the voting rights attaching to the shares managed by the management company in accordance with the Law on the Collective Investment undertakings where such management company uses the voting rights independently from the parent company. This exemption shall not apply where the parent company or another controlled company of the parent undertaking has invested into the holding of the management company and the management company has no discretion to exercise the voting rights attached to such holdings, and may only exercise such voting rights under direct or indirect instructions from the parent or another controlled company of the parent company.

6. The voting rights of the parent company of a financial brokerage firm held in accordance with this Article and Article 23 of the Law shall not be required to be aggregated with the voting rights attaching to the shares managed on behalf of the clients in accordance with the Law on Markets in Financial Instruments held by the financial brokerage firm, where:

1) the financial brokerage firm has a right to provide the financial instruments portfolio management service provided for in Article 3(2)(4) of the Law on Markets in Financial Instruments;

2) the financial brokerage firm has a right to exercise the voting rights attached to such shares under written or electronically submitted instructions of the customers; and

3) the financial brokerage firm uses the voting rights held thereby independently from the parent company.

7. The exemption stipulated in paragraph 6 of this Law shall not apply where the parent company or another controlled company of the parent undertaking has invested into the holding of the management company and the management company

has no discretion to exercise the voting rights attached to such holdings, and may only exercise such voting rights under direct or indirect instructions from the parent or another controlled company of the parent company.

**Article 25. Obligation of the issuer to notify the acquisition
or the disposal of own shares and to publish additional information**

1. The issuer, himself or via another person acting in his own name but on the issuer's behalf, having acquired or transferred 5 or 10 percent of own shares shall not later than 4 trading days announce in the manner described in Article 28 of this Law and post into the Central storage facility, and notify the Securities Commission of the relative number of the shares held thereby. This obligation shall also be binding where the specified limits are exceeded in the descending or the ascending order.

2. In order to be able to calculate the limits established in accordance with Article 23(1) of this Law the issuer shall in the manner stipulated in Article 28 of this Law publish and post into the Central storage facility, inform the Securities Commission and publish in its website the total voting rights granted by the shares issued thereby and the amount of the authorised capital, number of shares and the nominal value thereof. This information shall be published at the end of each calendar month during which the above data have changed.

3. The issuer of equity securities shall without delay, in the manner stipulated in Article 28 of this Law publish and post in the Central storage facility, also inform the Securities Commission of all changes in the rights granted by all types of shares and the derivative securities of the issuer.

4. The issuer of non-equity securities shall without delay, in the manner stipulated in Article 28 of this Law publish and post in the Central storage facility, also inform the Securities Commission of all changes in the rights granted by securities issued by the issuer resulting from the change in the terms of the issue of debt securities or the interest rate.

5. The issuer of non-equity securities shall without delay, in the manner stipulated in Article 28 of this Law publish and post in the Central storage facility, also submit to the Securities Commission the information of each new issue of debt securities, and in particular of any guarantee or security in respect thereof. This obligation shall not be binding upon public international body of which at least one Member State is member.

6. The issuer shall be obligated in writing notify the Securities Commission of the draft of change in the incorporation documents and the Articles of Association of the issuer not later than the shareholders of the issuer are provided with a possibility to familiarise themselves with the draft. After the changes in the incorporation documents or the Articles of Association are registered in the manner stipulated by laws the changes shall be immediately in writing communicated to the Securities Commission.

7. The Securities Commission shall have a right to adopt the legal acts specifying the duties of the issuer provided in this Articles and the procedure of the submission of the information specified in this Article.

**Article 26. Submission of Information to the Shareholders
of the Securities Issued by the Issuer**

1. The issuer shall ensure equal treatment of all holders of equivalent shares issued thereby in respect of all rights attached to the shares.

2. The issuer shall ensure that all the facilities and information necessary to enable holders of shares to exercise their rights are available. Shareholders shall not be prevented from exercising their rights though other persons authorised in accordance with the laws of the Member State of the issuer.

3. The issuer shall:

1) provide information on the place, time and agenda of meetings, the total number of shares and voting rights and the rights of holders to participate in meetings, as well as other information provided for in the legal acts.

2) make available a proxy form, on paper or, where applicable, by electronic means, to each person entitled to vote at a shareholders' meeting, together with the notice concerning the meeting or, on request, after an announcement of the meeting;

3) designate as its agent a financial institution through which shareholders may exercise their financial rights;

4) publish notices or distribute circulars concerning the allocation and payment of dividends, redemption of debt, and the issue of new shares, including information on any arrangements for allotment, subscription, cancellation or conversion.

4. If only holders of debt securities whose denomination per unit amounts to at least 50,000 EUR, the issuer may choose as venue of the meeting any Member State provided that all the facilities and information necessary to enable such holders to exercise their rights are made available in that Member State.

5. The information referred to in this Article may be communicated to holders of securities in electronic means provided that:

1) the decision concerning the possibility to communicate the information electronically is taken in a meeting of holders of securities;

2) the use of electronic means shall in no way depend upon the location of the seat or residence of the securities holder or of a proxy representing that holder, or the natural or legal persons referred to in Article 24(1)(2)-(10);

3) identification arrangements shall be put in place so that holders of securities, their proxies or natural or legal persons authorised to exercise the voting rights or manage through the use of the voting rights are effectively informed;

4) holders of securities or natural or legal persons authorised to acquire, transfer the voting rights or exercise the same have in writing confirmed their consent to the use of electronic means. These persons shall have a right at any time to request that the information is conveyed in writing;

5) any apportionment of the costs entailed in the conveyance of information by electronic means shall be determined by the issuer in compliance with the principle of equal treatment laid down in paragraph 1.

Article 27. Language of the regulated information

1. Where securities are admitted to trading on a regulated market only in the Republic of Lithuania, regulated information shall be published in the Lithuanian

and the English languages. Where securities are offered in the Republic of Lithuania only, the regulated information shall be published in the Lithuanian language.

2. Where securities are admitted to trading on a regulated market both in the home Republic of Lithuania and in one or more host Member States, regulated information shall be disclosed in the Lithuanian language and, depending on the choice of the issuer, either in a language accepted by the competent authorities of those host Member States or in a language customary in the sphere of international finance;

3. Where securities are admitted to trading on a regulated market in one or more host Member States, but not in the Republic of Lithuania, regulated information shall, depending on the choice of the issuer, be disclosed either in a language accepted by the competent authorities of those host Member States or in a language customary in the sphere of international finance. In the Republic of Lithuania such regulated information shall be disclosed either in the Lithuanian language or in a language customary in the sphere of international finance.

4. Where securities are admitted to trading on a regulated market without the issuer's consent, the obligations under paragraphs 1-3 shall be incumbent not upon the issuer, but upon the person who, without the issuer's consent, has requested such admission and the securities have been admitted to trading.

5. Shareholders of the issuer and the persons referred to in Articles 23 and 24 of this Law shall have a right to disclose the regulated information only in a language customary in the sphere of international finance.

6. Where securities whose denomination per unit amounts to at least 50,000 EUR are admitted to trading in a regulated market in one or several Member States, depending on the choice of the issuer or the person who has requested, without the issuer's consent, the admission of the securities to trading on a regulated market, the regulated information shall be disclosed in the language of the home Member State and the language acceptable to the competent authorities of the host Member States, or the language customary in the sphere of international finance.

Article 28. Publication and storage of regulated information

1. The issuer or the person who has requested the admission of securities to trading on a regulated market without the issuer's consent shall, within the terms established by this Law and in the procedure prescribed by the Securities Commission, publicly disclose the regulated information.

2. The issuer whose securities are admitted to trading on a regulated market in one or several Member States, or the person who has requested such admission without the issuer's consent, shall disclose the regulated information in the Republic of Lithuania and all other Member States concerned. Other issuers whose securities have not been admitted to trading on a regulated market in one or several Member States shall disclose the regulated information only in the Republic of Lithuania.

3. For the purpose of fulfilling the requirements of the disclosure of information the issuer or the person who has requested the admission of securities to trading on a regulated market without the issuer's consent shall disclose the information themselves or through the information vendor or the operator of the regulated market.

4. The Securities Commission shall have a right to establish additional requirements in respect of the publication and presentation of the regulated information.

5. The issuer or the person who has requested the admission of securities to trading on a regulated market without the issuer's consent having disclosed the regulated information shall without delay post in the Central storage facility where the information will be stored for not shorter than two years. The regulated information provided for in Article 20(1) shall be stored in the Central storage facility for not shorter than 5 years.

6. The operator of the regulated market shall ensure that Central storage facility complies with the standards of security, certainty as to the information source, time recording and easy access by end users, non-discriminating, free of charge and easy access by the users to the stored information. For that end the operator of the regulated market shall establish and approve with the Securities Commission a detailed procedure of the submission, storage and the use of information and ensures the full compliance of such procedure. The supervision of the publication and storage of the information shall be performed by the Securities Commission.

SECTION 4

Article 29. Scope of the Takeover Bid

1. The requirements established in this Section shall apply to the takeover bid in respect of the securities issued by the issuer established in the Republic of Lithuania. In respect of the takeover bid regarding the securities issued by an issuer established outside the Republic of Lithuania the requirements of this Section shall apply having regard to the provisions of Article 40 provided the supervisory authority under Article 39 is the Securities Commission.

2. The requirements established in this Section shall not apply to the bids for the following securities:

- 1) securities issued by collective investment undertakings;
- 2) securities of central banks of the European Union Member States.

3. Where the provisions of this Section are applied to the voluntary and the mandatory takeover bid the term "takeover bid" shall be used.

Article 30. The General Principles of the Takeover Bid

When applying the requirements of this Section the following principles shall be complied with:

1) all holders of the securities of an offeree company of the same class must be afforded the equivalent terms of the takeover bid; if a person acquires control of a company the other holders of securities of the same company must be protected.

2) the takeover bid must be announced without violating the transparency and integrity of the securities market of the offeror company, the offeree company and other companies related to the takeover bid;

3) the holders of the securities of an offeree company must have sufficient time and information to enable them to each a competent decision on the takeover bid; where they advise the holder of securities, the management bodies of the offeree

company must give their views on the effect of the implementation of the takeover bid on employment, conditions of employment and the locations of the company's places of business.

4) the management bodies of the offeree company must act in the interests of the company as a whole and must not deny the holders of the securities the opportunity to decide on the merits of the takeover bid.

5) false markets must not be created in the securities of the offeree company, the offeror company or other companies related to the takeover bid in such a way that rise or fall of the prices of the securities become artificial and the normal functioning of the markets is distorted;

6) an offeror must announce the takeover bid only after ensuring that it can fulfil in full any cash considerations, and after taking all reasonable measures to secure the implementation of any other type of consideration;

7) an offeree company must not be hindered in the conduct of its affairs for longer than is reasonable by the takeover bid to acquire its securities.

Article 31. Obligation to Announce a Takeover Bid and the Procedure for the Information about the Takeover Bid

1. Where a person, acting independently or in concert with other persons, acquires shares that in connection with the holding held by him or by other persons acting in concert entitles him to more than 40 percent of votes at the general meeting of shareholders of an offeree company, he must either:

1) transfer securities exceeding this threshold, or

2) announce a mandatory takeover bid to buy up the remaining voting securities of the offeree company and the securities confirming the right to acquire voting securities.

2. Where a person, acting independently or in concert with other persons, acquires shares that in connection with the holding held by him or by other persons acting in concert entitles him to more than 40 percent of votes at the general meeting of shareholders of company in respect of whose shares a takeover bid is to be submitted, shall without delay and in any case not later than within 7 days announce in the national daily of the Republic of Lithuania specified in the Articles of Association of the offeree company about the exceeding of the established threshold and of its intention to announce the takeover bid or transfer the securities exceeding the threshold, also accordingly notify the Securities Commission, the Stock Exchange and the offeree company thereof. In the analogous way the information on the transfer of the securities exceeding the established threshold shall be disclosed in cases where in accordance with item of par. 1 of this Article the mandatory takeover bid is not submitted.

3. The duty established in par. 2 of this Article shall arise from the day when the person learns of the acquisition of the respective number of votes, or, having regard to the specific circumstances, should learn about it.

4. The offeror shall within 20 days from the public announcement about its intention to submit a mandatory takeover bid referred to in par. 2 of this Article furnish to the Securities Commission the circular disclosing the principal information about the takeover bid. The circulars shall be approved by the Securities Commission.

5. A person acting independently or in concert with other persons shall be devoid of all the votes at the general meeting of shareholders from the moment of exceeding the threshold referred to in paragraph 1 of this Article. Voting rights shall be regained on the day when:

1) the Securities Commission approves the circular of the mandatory takeover bid;

2) the securities exceeding the threshold of the 40 percent are transferred and the information about the fact of the transfer of the securities exceeding the specified threshold is disclosed in the manner and to the entities defined in par. 2 of this Article, or for some other reasons the holding is reduced to the threshold below 40 percent.

6. The person intending to submit a voluntary takeover bid shall without delay, but in any case not later than within 7 days from the passing of the decision, publish the relevant announcement in the national daily indicated in the Articles of Association of the offeree company, and shall within 20 days from the public announcement submit the circular to the Securities Commission.

Article 32. Cases When the Mandatory Takeover Bid is not Submitted

1. The person who under this Law would be under obligation to submit a mandatory takeover bid shall be exempted from this obligation where:

1) it acts in concert with other person in respect of whom the obligation arises later;

2) the threshold is exceeded because all of the issuer's securities or part thereof are exchanged for the securities of the newly incorporated company(-ies) in proportion to the authorised capital of the issuer under the reorganisation or the split-off issuer and the person had previously executed the takeover bid or had been exempted from the obligation to submit a takeover bid although he had exceeded the threshold in respect of which the obligation to announce a takeover bid arises;

3) the threshold is exceeded where the company that had been reorganised by way of splitting or from which a new spin-off company is established had previously implemented the takeover bid or was exempted from the obligation to implement the bid although it had exceeded the threshold of the votes giving rise to the obligation to submit a bid, and the securities held thereby are transferred to the companies established following the splitting of the company;

4) the threshold is exceeded in accordance with the Law on Restructuring of Enterprises of the Republic of Lithuania under the restructuring plan of the issuer;

5) the threshold is exceeded through the acquisition of the securities from the controlled or controlling person; this exemption is applied only as long as the relation specified in this item between the seller and the purchaser is maintained;

6) the threshold is exceeded by acquiring the securities when the mandatory bid is executed in connection with other persons and the threshold is exceeded personally;

7) acting independently or in concert with other persons and having submitted a voluntary bid to acquire all securities of the offeree company acquires more than 40 percent of the votes in the general meeting of shareholders of such company;

2. The obligation to submit a mandatory bid shall not apply to the Depository that exceeds the limit by acquiring the shares in respect of which it had issued the international depository receipts.

Article 33. The Implementation of the Takeover Bid

1. The execution of the takeover bid shall commence on the fourth business day from the decision of the Lithuanian Securities Commission of the circular. The term of the execution of the bid shall be not shorter than 14 days and shall not exceed 70 days.

2. The takeover bids shall be executed through the Stock Exchange.

3. All holders of securities of the offeree company, employees of the offeree company and the offeror company or their representatives shall be ensured equal possibilities to readily and promptly access information about the bid.

4. Where the Securities Commission has reasons to suspect that the requirements of this Law and the Resolutions of the Securities Commission passed on the basis thereof have been violated, or the information that may be relevant to a person's decision to purchase or sell securities becomes known the Securities Commission shall have a right to suspend the implementation of the takeover bid and allot a time limit for the infringements to be eliminated and other actions performed. Where the infringements are not eliminated or other instructions of the Commission are not being complied with the Securities Commission shall have a right to revoke the approval of the circular.

5. In cases of a mandatory takeover bid the settlement for the securities of the offeree company shall be in cash only. In cases of a voluntary takeover bid the settlement for the securities of the offeree company shall be in cash, securities traded on a regulated market of a Member State of the European Union, or the combination of cash and the securities concerned. In case of the settlement performed in securities, cash will be in all cases offered as an alternative means of settlement.

6. The Securities Commission shall establish the procedure for the submission, implementation, suspension of implementation of the takeover bid, also the procedure for the approval and publication of the circular and the settlement for the purchased securities, the information to be disclosed, and the cases where the terms of the takeover bid may be modified and the cases of lapsing of the bid.

Article 34. The Establishment of the Price of a Mandatory Bid

1. The price of mandatory takeover bid shall be not less than the highest price of the securities acquired by the offeror in the course of 12 months preceding the exceeding of the threshold defined in Article 31(1) of this Law, and shall be not less than the average weighted market price in 6 months prior to the date of exceeding the established threshold when the securities concerned are traded on a regulated market.

2. Where the highest price of the securities acquired by the offeror in 12 months prior to the date of exceeding the threshold established in Article 31(1) of this Law cannot be established and the securities concerned have not been traded on a regulated market, the price of the securities purchased by way of a mandatory bid shall be established having regard to the value established by the asset valuator. The asset valuator selected by the offeror company shall be subject to approval by the Securities Commission. The Securities Commission shall have a right to refuse to approve the asset valuator where such valuator is related to the offeror company or

other persons having a property interest in respect of the securities of the offeree company.

3. The Securities Commission shall have a right to adjust the price of the takeover bid or require such price be adjusted in the following cases:

1) the price of the mandatory bid has been established on the basis of an agreement between the purchaser and the seller;

2) in cases of manipulation in the price of the securities that are the subject of a bid;

3) where the market prices of the securities have been affected by exceptional occurrences.

4. The Securities Commission shall have a right to allow to adjust the price of the mandatory bid in order to enable a firm incurring financial losses to be rescued.

5. Any decision of the Securities Commission to adjust the price of the bid or to require such price to be adjusted shall be substantiated and made public. When adjusting the price or requiring such price to be adjusted the Securities Commission shall take into consideration the following criteria:

1) the average weighted price of the securities on the regulated market in the period of 6 months prior to the exceeding of the threshold of votes established in Article 31(1) of this Law;

2) the liquidation value of the company;

3) other objective criteria commonly used in the financial analysis.

6. Where a person in the period from the date of the exceeding the threshold of the votes specified in Article 31(1) up to the end of the validity of the bid acquires the securities that have been the subject of the takeover bid at a price higher than the mandatory takeover bid price, the price of the mandatory takeover bid shall be accordingly increased.

7. Where an offeror in the period of one year after the end of the validity of the mandatory takeover bid acquires the securities in respect of which it had submitted a mandatory takeover bid at the price higher than the mandatory bid price, the offeror shall be obligated to pay the difference in the price to persons who have responded to the takeover mandatory bid.

8. A shareholder of the offeree company shall have a right to appeal to court concerning the safeguarding the compliance of the price established in the manner specified in this Article to the principles of justice. In this case Articles 2.118, 2.119 and 2.127-2.130 of the Civil Code shall apply *mutandis mutandis*.

9. The requirements of this Article concerning the establishment of the price of the mandatory bid shall *mutandis mutandis* apply to the securities of the offeree company whose registered office is in the Republic of Lithuania that are not traded on a regulated market.

Article 35. Duties of the Offeree Company Within the Validity of the Takeover Bid

1. Upon the public announcement of the intention to submit a takeover bid the management bodies of the offeree company and the offeror company shall immediately notify the representatives of their employees, and in the absence of such

representatives, – the employees of its intention to submit the takeover bid, and upon the submission of the takeover bid, it shall notify of the submission of the takeover bid. The management bodies of the offeree company and the offeror company shall also without delay submit to the representatives of the employees, and in the absence of such representatives, – the employees themselves the circular as soon as it is made public.

2. The offeror shall submit the circular to the offeree company. The management bodies of the offeree company shall within 10 days from the date of the publication of the circular approved by the Securities Commission communicate, through the mass media indicated in the circular and the website of the offeree company, its reasoned opinion on the bid, in particular the possible effects of the implementation of the bid on all company's interests and specifically conditions of employment, number of employees, and on the offeror's strategic plans for the offeree company and likely repercussions to the number of employees and the job positions.

3. The management bodies of the offeree company shall communicate its opinion on the takeover bid to the representatives of its employees, and where there are no such representatives, – to the employees themselves. In the event the bodies of management of the offeree company had in advance received an opinion of the employees on the effect of the takeover bid upon the number of the employees, such opinion shall be, in connection to the opinion of the management bodies of the offeree company, published in the internet website of the offeree company.

4. The management bodies and the supervisory bodies of the offeree company shall be prohibited from performing the actions that could significantly worsen the financial status of the company or in any other way inhibit the implementation of the takeover bid.

5. The prohibition provided for in Article 4 to inhibit the implementation of the takeover bid shall not apply where such actions are approved by the general meeting of shareholders of the offeree company that is registered in the Republic of Lithuania. The management bodies of the offeree company shall obtain the prior authorisation of the general meeting of shareholders given for this purpose before taking any action, other than seeking alternative takeover bids, which may result in the frustration of the takeover bid and in particular before issuing any shares which may result in a lasting impediment to the offeror company to acquire over 40 percent in the general meeting of shareholders of the offeree company.

6. The prior authorisation by the general meeting of shareholders referred to in par. 5 of this Article shall be obtained in respect of the actions of the management and supervisory bodies performed in the period from the public announcement indicated in Article 31 (2) of this Law of the exceeding of the threshold and the public announcement referred to in 31(6) of this Law the intention to place the takeover bid until the end of the validity of the takeover bid.

7. In the event the decisions of the management or the supervisory bodies of the offeree company passed prior to the period established in par. 6 of this Article are not yet partly or fully implemented the general meeting of shareholders shall approve or confirm any decision which does not form part of the normal course of the company's business and the implementation of which may result in the frustration of the takeover bid.

8. In the case referred to in par. 5 of this Article the notice on the general meeting of shareholders shall be published in the national daily of the Republic of Lithuania not later than 15 days prior to the date of the general meeting of shareholders.

9. In the event the Board is formed in the company, it shall perform the duties of the management bodies as referred to in this Article.

Article 36. Restrictions Related to the Implementation of the Bid

1. Any restrictions on the transfer of securities provided for in the Articles of Association of the offeree company, the contractual agreements between the offeree company and holders of its securities or the agreements between the shareholders of the company shall not apply in respect of the offeror during the time of the implementation of the takeover bid.

2. Restrictions on voting rights provided for in the Articles of Association of the offeree company, the contractual agreements between the offeree company and the holders of its securities, and between the shareholders of the company shall not apply in the general meeting of shareholders which decides on any issue referred to in Article 34 (5) of this Law.

3. Multiple-vote securities shall carry only one vote each at the general meeting of shareholders which decides on any issue referred to in Article 35 (5) of this Law.

4. Where, following the takeover bid the offeror acquires 75% or more of the voting rights no restrictions on the transfer of securities or on voting rights indicated in pars. 1 and 2 of this Article, neither the extraordinary rights of the shareholders concerning the appointment or removal of board members provided for in the Articles of Association of the offeree company shall apply.

5. The multiple vote securities shall carry only one vote in the first meetings of the shareholders following the closure of the takeover bid convened by the offeror seeking to amend the Articles of Association or appoint or dismiss members of the board.

6. In the case referred to in par. 5 of this Article the offeror shall have a right to convene the general meeting of shareholders and shall make a public announcement to that effect in the national daily indicated in the Articles of Association of the company not later than 15 days prior to the general meeting of shareholders.

7. An equitable compensation is provided for any loss of the holders of the rights resulting from the implementation of the requirements under pars. 1-5 of this Article. The offeror shall determine the terms for the compensation in the circular. Pars. 2-5 of this Article shall not apply to those securities the restrictions of voting rights are compensated for by special pecuniary advantages. All disputes concerning compensations shall be settled in court.

Article 37. Mandatory Sale and Purchase of Shares

1. The shareholder of an issuer acting independently or in concert with other persons and having acquired not less than 95 percent of the capital carrying voting rights and not less than 95 percent of the total votes at the general meeting of shareholders of the issuer shall have a right to require that all the remaining

shareholders of the issuer sell the voting shares owned by them, and the shareholders shall be obligated to sell the shares in the manner established by the present Law.

2. Votes of the shareholder acting independently or in concert with other persons shall be calculated in accordance with Article 24 of this Law. Where the issuer has issued shares of different classes, the votes shall be counted and the rules for the sale and purchase of shares shall be applied individually in respect of each class of shares. Where, in the manner stipulated by this Article, the shareholder purchases shares acting in concert with other persons:

1) persons acting in concert shall be jointly liable for the fulfilment of the obligation to acquire the shares;

2) the number of shares acquired by persons acting in concert shall be proportionate to the number of votes of the issuer held thereby at the moment of the submission of the notification referred to in par. 7 of this Article unless the agreement concluded by persons acting in concert provides differently.

3. Where a shareholder acting independently or in concert with other persons is obligated to submit a mandatory takeover bid, the sale and purchase of shares in accordance with this Article may be executed only after the shareholder's obligation to submit the mandatory takeover bid is fulfilled in the prescribed manner.

4. The price offered for the shares shall be equitable. The price of the shares shall be established in accordance with the following principles:

1) where the shareholder acting independently or in concert with other persons and having submitted a mandatory takeover bid acquired not less than 95 percent of votes in the general meeting of shareholders of the issuer, the equitable price shall be the one paid to him for the shares of the issuer while acquiring the shares in this manner;

2) where a shareholder, acting independently or in concert with other persons and having submitted a voluntary bid acquired shares entitling it to not less than 95 percent of votes at the general meeting of shareholders of the issuer, the fair price shall be the one paid to the shareholder for the shares of the issuer while acquiring the shares in this manner, provided that where the offeror was acquiring the shares in this manner, the shareholders of not less than 90 percent of the shares in respect of which the takeover bid was submitted had sold the shares to the offeror;

3) in other cases the price of the shares shall be established in the manner opted by the person acquiring the shares and ensuring a fair remuneration for the shares being purchased.

5. The price shall be established in the manner defined in items 1 and 2 of par. 4 of this Article only provided not more than 3 months have elapsed from the moment of the expiry of the takeover bid until the submission of the notification of the shareholder to the issuer referred to in par. 7 of this Article. Where this time period is longer, the price shall be established in accordance with item 3 of par. 4 of this Article.

6. Where the price at which the securities are offered to be bought-up is established in accordance with item 3 of par. 4 of this Article, the price shall be duly substantiated and approved in advance by the Securities Commission. The Securities Commission shall have a right, upon duly grounded reasons, to require the price to be adjusted. The notification provided for in par. 7 of this Article shall be submitted to

the issuer not later than within 30 days from the date of the final establishment of the price.

7. The shareholder acting independently or in concert with other persons, and seeking to buy-up all the shares of the issuer shall submit to the issuer a notification on the intended purchase of the shares specifying the following:

1) data on the shareholder buying-up the shares acting independently or in concert with other persons (name, last name of the natural person, residence, name and registered office of the legal person);

2) number of shares of the shareholder buying-up the shares acting independently or in concert, by classes and votes granted thereby;

3) the requirement of the shareholder buying-up the shares acting independently or in concert with other persons that other shareholders sell all shares of the issuer of the appropriate class;

4) price offered for the shares and the method of the establishment of the price;

5) the procedure and the venue of the purchase of the shares.

8. Attached to the notification to the issuer specified in par. 7 of this Article shall be the documents used as a basis to establish the price of shares:

1) in cases specified in items 1 and 2 of par. 4 of this Article – the circular and the report on the execution of the takeover bid;

2) in cases specified in item 3 of par. 4 of this Article – other documents substantiating the method of the establishment of the price of the shares in accordance with the selected method of establishing of the price.

9. Upon receipt of the notification of the shareholder buying-up the shares acting independently or in concert with other persons, the issuer shall not later than within 5 days notify by recommended mail each shareholder, the Securities Commission and the operator of the regulated market of the purchase of the shares and publish an appropriate announcement in the Lithuanian national daily specified in the Articles of Association. The announcement shall indicate:

1) name, registered office and the code of the issuer;

2) the information notified to the issuer in accordance with par. 7 of this Article;

3) information specifying the Lithuanian national daily in which the issuer has announced a mandatory buy-up of shares (this information shall be indicated only in the notifications sent by recommended mail);

4) the time limit indicated in par. 10 of this Article during which the shares must be sold or the proposed share sale price must be contested;

5) information that in the registered office of the issuer each shareholder shall have a right to familiarise himself with the documents substantiating the establishment of the price of the shares, submitted in accordance with par. 8 of this Article.

10. Within 90 days from the date of the announcement of the notice indicated in par. 9 of this Article in the Lithuanian national daily specified in the Articles of Association of the issuer all shareholders shall be obligated to sell their shares to the

shareholder indicated in the notice on the buy-up of the shares, acting independently on in concert with other persons, or contest the price proposed for the shares in the manner stipulated in par. 14 of this Article.

11. Where within the term indicated in par. 10 of this Article the shareholder fails to sell the shares, the shareholder buying-up the shares shall be deemed to have acquired, on the last day of the time limit indicated in par. 10 of this Article, the right to appeal to court within 30 days by submitting the documents proving the payment transfer to the deposit account of the shareholder who has refused to sell the shares in the manner stipulated in Article 6.56 of the Civil Code or the performance of the payment in another manner, and requiring the account managers to perform the necessary entries in the securities account on the transfer of the title to the shares to the shareholder buying-up the shares. The ruling of the Court to make the appropriate entries in the securities account shall be deemed to constitute the legitimate basis under which for the securities account managers are obligated to make the appropriate entries. The civil cases referred to in this part shall be examined in the procedure established in respect of the cases concerning the establishment of facts having a legal relevance.

12. Where the shareholder buying up the shares fails to pay the proposed price for the shares by the last day of the time limit referred to in par. 10 of this Article, it shall be deemed that the shareholder's right to obligatorily purchase the shares has expired and the shareholder shall lose his right to require the shares to be sold to him in the manner provided for in this Article.

13. The settlement for the shares being bought-up shall be made only in cash.

14. Within the time limit established in par. 10 of this Article each shareholder shall have a right to appeal to the County Court requiring to establish the equitable price of the shares. In this case Articles 2.118, 2.119 and 2.127-2.130 of the Civil Code shall apply *mutatis mutandis*. Where at least one shareholder has applied to the Court the Court shall have a right to suspend the procedure of the mandatory buy-up of shares until the date the ruling of the court concerning the establishment of the price of the shares comes into effect. Within the period when the procedure of the purchase of shares is suspended the shareholders shall be exempted from the obligation to purchase or sell the shares, and the time limits in respect of the fulfilment of obligations of the shareholders shall be suspended. The price applicable to all shares, including those sold to the shareholder who has made a notice on the buy-up of the shares prior to the appeal to the Court, shall be not less than established by the ruling of the Court.

15. Any shareholder of an issuer incorporated in the Republic of Lithuania except the issuers included into the list of privatisation objects and whose shares are not admitted to trading on a regulated market shall have a right to require the shareholder acting independently or in concert with other persons who has acquired the shares entitling it to not less than 95 percent of all votes in the general meeting of shareholders of the issuer, to purchase the voting shares owned by him and the shareholder concerned shall be obligated to buy-up the shares in the manner provided by this Law. In this case the shareholder who requires his shares to be bought-up shall submit an appropriate notice to the issuer. The notice shall indicate:

1) data on the shareholder who requires his shares to be bought-up (name, last name, place of residence of the natural person; name and registered office of the legal person);

2) the number of shares owned by the shareholder who requires his shares to be bought-up the shares by classes and the votes carried by such shares;

3) the requirement of the shareholder to buy up the shares held by him of the issuer of an appropriate class;

4) the price asked for the shares and the method of the establishment of the price;

5) the place of the sale of shares.

16. In cases where any shareholder requires that another shareholder who acting independently or in concert with other persons has acquired shares entitling it to not less than 95 percent of votes in the general meeting of shareholders of the issuer requires that the latter purchases the shares of the shareholder, provisions of pars. 2-6, 8, 9, 10, 11, 13 and 14 of this Article shall apply *mutatis mutandis*.

17. Where the shareholder fails to fulfil its obligation to buy-up the shares and does not contest the price of the shares within the time limit indicated in par. 10 of this Article, he shall be obligated to pay the 10 percent annual interest in respect of the amount overdue.

Article 38. Delisting of Securities from the Trading Lists of the Stock Exchange

1. The decision to delist the securities of the issuer shall be passed by the general meeting of shareholders by $\frac{3}{4}$ majority vote. Following the decision to delist the securities from the trading lists of the Stock Exchange, a takeover bid shall be submitted and implemented to buy-up the shares admitted to the trading lists of the Stock Exchange.

2. In cases where the decision to delist the securities is passed otherwise than on the initiative of the issuer, the obligation to submit a takeover bid shall not apply. The Stock Exchange shall be entitled to delist the securities from the trading list where the further presence of the issuer's concerned securities in the trading lists of the Stock Exchange constitutes a threat to the interests of the investors and proper functioning of the market.

3. The takeover bid referred to in par. 1 of this Article shall be subject to the provisions governing the mandatory takeover bid, unless the Article stipulates differently. The mandatory takeover bid shall be submitted by the shareholders who have voted in favour of the decision to delist the securities from the lists of the Stock Exchange. One or several shareholders shall have a right to discharge this obligation on behalf of other shareholders. In the course of the mandatory bid the shares may be sold by those shareholders who voted against the decision to delist the shares from the trading list of the Stock Exchange or who have abstained from voting in this respect.

4. The price of the mandatory takeover bid shall be not lower than the average weighted market price of the shares in the course of 6 months preceding the public announcement on the intention to delist the securities from the trading lists of the Stock Exchange. Where a shareholder of the issuer, acting independently or in concert with other persons, had not earlier than 3 months prior to the decision of the general

meeting of shareholders had submitted and implemented the mandatory takeover bid, the price shall be fixed equal to the price paid for the shares acquired this way.

5. The management body of the issuer shall not later than within 30 days prior to the general meeting of shareholders intending to discuss the issue of the delisting the shares from the trading lists of the Stock Exchange shall draw up and publicly announce the notice on the delisting of the shares from the trading lists of the Stock Exchange. The notice shall specify:

- 1) the information on the anticipated announcement of the mandatory bid;
- 2) reasons for delisting the securities from the trading lists of the Stock Exchange;
- 3) measures undertaken by the management bodies of the issuer to protect the rights and the interests of the shareholders;
- 4) anticipated changes in the composition of the bodies of management and operations of the issuer.
- 5) the price offered for the securities and the method of the establishment thereof.

6. The issuer shall submit the notice referred to in par. 5 of this Article to the Securities Commission, the Stock Exchange into whose trading lists the securities have been admitted for trading, and published in the national daily of the Republic of Lithuania, indicated in the Articles of Association of the issuer in which all public announcements are made.

Article 39. Supervisory Authority

1. The Securities Commission supervises the compliance with the provisions of this Section where:

1) the takeover bid is submitted in respect of the securities a company whose registered office is in the Republic of Lithuania admitted to trading on a regulated market operating in the Republic of Lithuania.

2) the bid is submitted in respect of the securities of a company whose registered office is in the Republic of Lithuania admitted to trading neither on a regulated market operating in the Republic of Lithuania nor on a regulated market of a Member State of the European Union.

3) the bid is submitted in respect of the securities of a company whose registered office is in another Member State of the European Union and admitted to trading on a regulated market of the Republic of Lithuania.

4) the bid is submitted in respect of the securities of a company admitted to trading on regulated market of more than one Member States, but the first authorisation to admit the securities concerned to trading on a regulated market was issued in the Republic of Lithuania.

5) the bid is submitted in respect of the securities of a company simultaneously admitted to trading on regulated markets of more than one Member State of the European Union and the company has, on the first day of trading, decided to delegate the supervision of the procedure of the takeover bid to the Securities Commission.

2. The company shall announce of its decisions passed in cases referred to in item 5 of par. 1 of this Article in the national daily of the Republic of Lithuania. The

company shall notify of its decision passed in the case referred to in item 5 of par. 1 of this Article the Securities Commission, the operator of the regulated market, also the competent authorities of other Member States of the European Union and the operators of the regulated markets.

3. The Securities Commission shall cooperate with the competent authorities of other Member States of the European Union and shall have a right to communicate to them all information, in particular the information necessary for the implementation of the provisions of items 3-5 of par. 1 of this Article.

Article 40. Applicable Law

1. Matters relating to the items 3, 4 and 5 of par. 1 of Article 39 concerning the price of the takeover bid, method of settlement, procedure of announcement, the decisions of the offeror to submit a takeover bid, the contents of the circular and the submission of the takeover bid shall be dealt with in accordance with the law of the Republic of Lithuania.

2. In matters relating to the information to be provided to the employees of the offeree company, and matters relating to the company law, in particular the percentage of voting rights the acquisition whereof triggers the obligation to submit a takeover bid, the exemption from the obligation to submit a takeover bid, also terms under which the management bodies of the offeree company may undertake any action which might result in the frustration of the takeover bid, the applicable laws shall be those of the Member State in which the offeree company has a registered office and the dealing with the above issues shall be supervised by the competent authority of that Member State.

SECTION 5

ENFORCEMENT OF THE COMPLIANCE WITH THE LAW AND THE LIABILITY FOR THE INFRINGEMENT OF THE LAW

Article 41. The Securities Commission

1. The drawing up, approval and publication of the prospectus, the publication of the periodic and the ongoing information, execution of takeover bids is regulated and supervised by the Securities Commission of the Republic of Lithuania (hereinafter – the Securities Commission).

2. The Securities Commission shall perform the supervisory functions in accordance with this Law and the Law on Markets in Financial Instruments; it shall also have other rights and duties defined in this and other laws.

3. The actions and omission of Securities Commission may be appealed in the manner prescribed by the Law on Proceedings of Administrative Cases.

Article 42. The Functions of the Securities Commission

1. The Securities Commission shall:

1) draft, approve, amend and declare void the legal acts prescribed to its competence under this Law;

2) draft, approve, amend and revoke the contents of the prospectuses, annual and interim information, also prescribe the procedure for the submission and publication of these documents;

3) approve prospectuses of securities;

4) approve the circulars of takeover bids;

5) monitor, inspect and otherwise ensure the compliance of persons with the requirements laid down in this Law;

6) impose sanctions prescribed in this and other Laws of the Republic of Lithuania to persons who have violated this Law and resolutions of the Securities Commission;

7) cooperate with the supervisory bodies of Member States and other foreign States and exchange with them the information necessary for the performance of supervisory functions;

8) perform other functions provided for in this Law and other laws of the Republic of Lithuania.

2. When performing the functions assigned to it the Securities Commission shall have the right to:

1) require the persons to disclose the information required by this Law and submit other related documents. Where the persons concerned seek to avoid to publish such information the Securities Commission shall have a right to publish such information itself;

2) require the persons to submit any information at their disposal of relevance and, where necessary, call up such persons and require them to present explanations;

3) require the auditors of the issuers to submit information necessary for the performance of supervisory functions by the Securities Commission;

4) obligate to amend and correct the submitted inaccurate and misleading information, issue other instructions and obligations;

5) require to suspend or terminate the trading in specific securities in a regulated market;

6) perform inspections and on-site checks;

7) obtain, free of charge, documents, copies thereof, other data and documents and the copies thereof related to a specific persons being inspected from other undertakings, public authorities, registers and other institutions performing similar functions.

8) communicate the materials and other information obtained during the inspection to the law enforcement authorities;

9) employ specialists and experts of appropriate areas (auditors, accountants, lawyers, specialists of information technologies, etc.) requesting them to provide their opinions, conclusions, assessment or perform other actions requiring specific qualification, knowledge or expertise.

3. The Securities Commission shall prepare and submit to the Commission of European Communities the information on the implemented takeover bids in respect of the securities traded on a regulated market operating in the Republic of Lithuania.

4. The submission of information to the Securities Commission as provided in item 3 of par. 2 of this Article shall not be considered to constitute the infringement of the prohibition to disclose the confidential information provided for in legal acts or

the agreements and therefore shall not have any negative repercussions upon the auditors.

Article 43. The Duty of the Commissioners and the Employees of the Securities Commission not to Disclose Confidential Information

1. The Commissioners and the Employees of the Securities Commission shall in the manner prescribed in Article 76 of the Law on Markets in Financial Instruments secure the confidential information they have become aware in the course of executing their professional duties at the Securities Commission. The exact contents of the confidential information shall be established by the Securities Commission.

2. The right of the Securities Commission to communicate the confidential information prescribed in Articles 80, 81 and 82 of the Law on Markets in Financial Instruments shall also be extended upon the information obtained by the Securities Commission in the course of the performance of the functions prescribed by this Law.

Article 44. Precautionary measures available to the Securities Commission in respect of an Issuer Whose Home Member State is not the Republic of Lithuania but Whose Securities Have Been Admitted to Trading on a Regulated Market in the Republic of Lithuania

1. Having reasonable grounds to suspect that the issuer whose home Member State under Article 19(2) of this Law is not the Republic of Lithuania but whose securities have been admitted to trading on a regulated market in the Republic of Lithuania or that the persons referred to in Article 23(1) of this Law have infringed the requirements concerning the disclosure of the regulated information prescribed in this Law the Securities Commission shall have the right to notify the supervisory authority of the home Member State of the issuer.

2. If, despite the measures taken by the supervisory authority of the home Member State, or because such measures prove inadequate, persons referred to in par. 1 of this Article persist in infringing the relevant legal or regulatory provisions and infringe the interests of the investors of the Republic of Lithuania, the Securities Commission shall, after informing the supervisory authority of the home Member State, take all the appropriate measures in order to protect investors. The Securities Commission shall inform the European Commission of such measures at the earliest opportunity.

Article 45. The Right of the Securities Commission to Perform Inspections

1. For the purpose of determination of how the issuer comply with the requirements of this Law and the legal acts passed on the basis thereof and related thereto the Securities Commission shall have a right to organise and perform the inspections.

2. When performing an inspection the officials of the Securities Commission shall have a right, upon notifying the manager of the company and the production of the official certificate, the resolution of the Commissioner or an authorised member thereof to enter the premises of the issuer during its business hours, check, inspect, temporarily take hold of documents (having left a list thereof with the issuer) or make copies thereof, also present questions, obtain the written or verbal explanations from the manager, members of bodies of management and employees of the issuer.

Article 46. Liability for the Infringement of this Law

Persons who have infringed the provisions of this Law shall be liable in the manner provided for in laws.

Article 47. Pecuniary Penalties for Violations of the Law

1. The Securities Commission shall have the right, in the manner prescribed in Article 96 of the Law on Markets in Financial Instruments, to impose the following pecuniary penalties:

1) issuers, intermediaries or other legal persons who organise or conduct public offering of securities or trading therein on a regulated market, in case the prospectus has not been published in advance or the public offering of securities or trading on a regulated market has been prohibited or suspended, – up to LTL 100,000, where the total nominal value of the securities offered for public trading or admitted to public trading is lower than LTL 100,000, and in the amount up to the total nominal value of the securities offered for public trading or admitted to trading on a regulated market where the total nominal value of these securities is higher than LTL 100,000;

2) issuers who do not meet the requirements set forth in Articles 18, 20, 21, 22, 23, 25 or 26 of this Law - in the amount of up to LTL 100, 000;

3) issuers or persons who requested the admission to trading on a regulated market without a consent of the issuer for not disclosing or not disclosing properly the regulated information – up to LTL 100,000;

4) legal persons who do not meet the requirements set out in Articles 16 or 17 of this Law – in the amount of up to LTL 100 000;

5) natural or legal persons whose circular has been approved by the Securities Commission but who have failed to execute the takeover bid, - up to LTL 500,000;

6) natural or legal persons who, in the manner provided for in Article 37 of this Law, have required that other shareholders sell to him their shares owned by them but have failed to effect settlement with such shareholders in a timely manner or have failed to fulfil its obligation to purchase the shares of any shareholder upon the latter's requirement, - up to LTL 100,000 .

SECTION 6

FINAL PROVISIONS

Article 48. Coming into Effect of the Law

1. Upon the coming into effect of this Law, Chapter 2, except Article 14¹ also Chapters 3 and 3¹ and items 1, 2, 5 and 9 of par. 1 of Article 61 of the Law on Securities Markets of the Republic of Lithuania (Official Gazette, 1996, No. 16-412, No. 112-4074; 2003; No. 74-3434; 2004, No. 73-2514; 2005, No. 84-3108; 2006, No. 77-2963).

2. From the coming into effect of this Law all references to the Law on Securities Market of the Republic of Lithuania having regard to the area governed by this Law shall be considered to be references to this Law, and the references to the definitions of concepts laid down in the Law on Securities Market of the Republic of Lithuania shall be considered to be references to the definitions of the concepts laid down in his Law, except the references to the Law on Securities Market of the Republic of Lithuania that, having regard to the area governed by the Law on Markets in Financial Instruments of the Republic of Lithuania should be considered to be

references to the on Markets in Financial Instruments of the Republic of Lithuania, also references to the definitions of concepts laid down in the Law on Securities Market of the Republic of Lithuania that, having regard to the area governed by the Law on Markets in Financial Instruments of the Republic of Lithuania, should be considered to be references to the Markets in Financial Instruments of the Republic of Lithuania.

3. The persons referred to in Article 23(1) of this Law shall, within the term of two months from the coming into effect of this Law notify the issuer of the number of votes in the general meeting of shareholders held thereby as of the day of the coming into effect of this Law. This obligations shall not be binding upon the person who had submitted the notification with the equivalent data prior to the coming into effect of this Law.

4. The issuer shall in the manner specified in Article 23 publish the information provided in the notification referred to in par. 3 of this Law within 3 months from the coming into effect of this Law.

5. The provision of Article 21(3) of this Law governing the obligation of the issuers whose securities are traded on a regulated market of the Republic of Lithuania in their operating reports to include a notice on their compliance with the Code of Corporate Governance of the companies whose securities are admitted to trading on a regulated market shall be applicable starting from the submission of the information for 2006.

6. Pars. 1 and 2 of Article 36 of this Law shall be applied to those agreements between the offeror company and holder of its securities, or the agreements between the holders of the securities of the offeree company concerning the transfer of securities and the restriction of the voting rights that were concluded following 21 April 2004.

7. Provisions of Article 37 of this Law shall be waived in cases where the decisions concerning the mandatory purchase or sale of securities have been adopted and put into operation prior to 14 July 2006.

8. The legal person established in the Republic of Lithuania may be ceased to be considered an issuer within the meaning of this Law where:

1) non-equity securities are being redeemed the public offering whereof or the admission to the regulated market was subject to the requirements of the present Law, or

2) the mandatory selling or buy-up of securities of the issuer has been completed to be implemented; or

3) where the shareholders by a majority vote that shall be not less than 2/3 of the votes attached to the shares present at the meeting have decided not to offer the shares publicly. In this case the company shall submit a takeover bid to buy-up the shares of the company. Such takeover bid shall be subjected to the provisions governing the mandatory takeover stipulated in this Law. The takeover bid shall be submitted by shareholders who have voted in favour of the decision not the offer the shares publicly. One or several shareholders shall have a right to discharge this duty on behalf of other shareholders. In the course of the execution of takeover bid the right to sell the shares shall have the shareholders who have voted against the decision or who have abstained from the voting. In case the shares of the issuer have been

admitted to trading on a regulated market in the Republic of Lithuania and the general meeting of shareholders passed the decision not to offer the shares publicly together with the decision to delist the securities from the regulated market, it shall be sufficient to submit and execute the takeover bid in the manner stipulated in Article 38 of this Law.

9. The decision to cease to consider a legal person established in the Republic of Lithuania an issuer shall be passed by the Securities Commission. A legal person seeking to waive the status of an issuer shall submit to the Securities Commission the documents confirming the performance of the procedures stipulated in par. 8 of this Article.

10. The legal person shall, within 7 days from the decision of the Securities Commission to cease to consider it an issuer, publish an information notification in the manner stipulated in Article 28 of this Law.

11. Where the securities issued by the issuer to public trading before 12 July 2005 are delisted from trading on a regulated market in the Republic of Lithuania not upon the initiative of the issuer, the issuer shall continue to be an issuer within the meaning of this Law. Such person may cease to be considered an issuer under the general rules specified in par 8 of this Article.

I promulgate this Law passed by the Seimas of the Republic of Lithuania

PRESIDENT OF THE REPUBLIC

VALDAS ADAMKUS

Annex to the Law on Securities
of the Republic of Lithuania

**THE LEGAL ACTS OF THE EUROPEAN UNION
IMPLEMENTED BY THIS LAW**

1. Directive 2001/34/EC of the European Parliament and of the Council of 28 May 2001 on the admission of securities to official stock exchange listing and on information to be published on those securities (OJ, 2004, Special edition, Chapter 06, Volume 04, p.24).

2. Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (OJ, 2004, Special edition, Chapter 06, Volume 06, p. 356).

3. Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids (OJ, 2004, Special edition, Chapter 17, Volume 02, p. 20).

4. Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonization of transparency requirements in relation to

information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (OL, 2004, L 390, p.38).