

Resolution No. 245/2019  
of the Warsaw Stock Exchange Management Board  
dated 25 March 2019

approving the Regulations of the Analytical Coverage Support Pilot Programme

§ 1

Pursuant to § 20 (5) of the Exchange Articles of Association, the Exchange Management Board hereby approves the Regulations of the Analytical Coverage Support Pilot Programme in the wording set out in the appendix hereto.

§ 2

This Resolution shall come into force on the date of its adoption.

**WARSAW STOCK EXCHANGE**

**Regulations of  
the Analytical Coverage Support Pilot Programme**

Warsaw, 25 March 2019

## **Table of Contents**

1. Glossary
2. General Provisions
3. Framework of the Programme
4. Criteria for Selection of Companies for the Programme
5. Criteria for Selection of Exchange Members for the Programme
6. Procedure of Selection of Companies for the Programme
7. Rules of Conduct under Special Circumstances
8. Criteria for Analytical Reports
9. Review Panel
10. Final Provisions

## **Appendices**

## **I. Glossary**

Whenever these regulations of the Analytical Coverage Support Pilot Programme refer to:

- a) Regulations – this shall be understood to mean these regulations of the Analytical Coverage Support Pilot Programme;
- b) Programme – this shall be understood to mean the Analytical Coverage Support Pilot Programme defined in § 2 hereof;
- c) Company Selection Procedure – this shall be understood to mean the procedure under § 5 hereof using the applicable algorithm in order to select Companies for the Programme;
- d) GPW – this shall be understood to mean the Warsaw Stock Exchange;
- e) Exchange Management Board – this shall be understood to mean the Management Board of GPW;
- f) Analyst – this shall be understood to mean a person who, in the previous calendar year before the Programme was announced, prepared analyses of at least 2 companies and who has the expertise and experience necessary to issue independent analytical reports;
- g) Exchange Rules – this shall be understood to mean the Exchange Rules in the wording approved in Resolution No. 1/1110/2006 of the Exchange Supervisory Board dated 4 January 2006, as amended, including recent amendments approved in Resolution No. 84/1639/2018 of the Exchange Supervisory Board dated 15 October 2018 as amended by Resolution No. 92/1674/2018 of the Exchange Supervisory Board dated 10 December 2018, effective as of 4 March 2019 (consolidated text as at 4 March 2019);
- h) Exchange Member – this shall be understood to mean an exchange member within the meaning of the Exchange Rules who meets the criteria laid down in § 4(1) hereof;
- i) Company – this shall be understood to mean a company which participates in the mWIG40 index or the sWIG80 index according to the communiqué of the GPW Management Board dated 28 February 2019 and which meets all of the criteria laid down in § 3(1) hereof;
- j) Closing Date – this shall be understood to mean the last day on which Companies or Exchange Members, respectively, may enrol in the Programme, i.e., 22 April 2019;
- k) List of Companies – this shall be understood to mean the list of Companies participating in the Programme, numbered 1 to XX according to § 5(3) hereof;
- l) Analytical Report(s) – this shall be understood to mean a report(s) together with additions, updates, modifications, etc., which meet(s) the detailed requirements laid down in § 7 hereof;

- m) Programme Participant – this shall be understood to mean a Company or an Exchange Member which meets all requirements and takes part in the Programme as its participant;
- n) Special Circumstances – this shall be understood to mean circumstances referred to in § 6 hereof;
- o) Capitalisation – this shall be understood to mean the value of a Company equal to the number of the Company's shares in trading on the exchange multiplied by the closing price of the Company's shares on the exchange as at 25 March 2019;
- p) Review Panel – this shall be understood to mean a team comprised of 3 to 5 non-GPW experts referred to in § 8 hereof;
- q) Index – this shall be understood to mean mWIG40 or sWIG80;
- r) Freefloat – this shall be understood to mean the number of free-float shares as per Appendix 3.

## **II. General Provisions**

### **§1**

1. These Regulations lay down the framework of the Programme; the criteria for Companies to participate in the Programme; the Company selection procedure; the criteria for Exchange Members to participate in the Programme; the requirements for Analytical Reports; and the responsibilities of the Review Panel. In the event of any doubt as to the scope and application of the Regulations, the Exchange Management Board shall decide. Such decision shall be final and not open to appeal.
2. These Regulations neither exclude nor limit the generally applicable legislation and the internal regulations of GPW, including the Exchange Rules. Any terms which are not defined in the Regulations shall be construed according to the internal regulations of GPW and the generally applicable legislation.

## **III. Framework of the Programme**

### **§2**

1. The Programme is organised by GPW. The objectives of the Programme include:
  - a) to increase the number of published analyses of companies participating in mWIG40 and sWIG80;
  - b) to improve access of domestic and international investors to up-to-date analyses;
  - c) to support the liquidity of trading in shares of companies participating in the Programme.

2. Participation in the Programme is open to Companies which meet the criteria laid down in § 3(1) hereof and enrol in the Programme by submitting a properly completed and signed form. The model form is presented in Appendix 1 hereto. The form shall not be modified by Companies or any third parties.
3. A properly completed and signed form shall be delivered to the offices of GPW by registered mail, by courier, or in person, no later than 4 p.m. on the Closing Date. Any forms delivered after that time limit and any forms which are incorrect or delivered by Companies which do not meet the requirements laid down in § 3(1) hereof shall be rejected.
4. GPW shall review delivered forms on an on-going basis, in the order in which they are received, and request Companies to modify irregularities, if necessary.
5. GPW shall request Companies to modify irregularities by email by 5 p.m. on business days. If GPW sends a request to modify irregularities after 5 p.m., the time limit for such modification shall run as of the following business day. The Company shall deliver modifications of irregularities to the offices of GPW no later than 4 p.m. on the 5<sup>th</sup> (fifth) business day following receipt of the notification to modify irregularities. If the Company fails to respect that time limit, the Company's application shall be rejected and any representations made shall be considered null and void.
6. Apart from Companies, the Programme is open to Exchange Members who meet the criteria laid down in § 4(1) hereof, enrol in the Programme by submitting a properly completed form, and sign an agreement with GPW. The model form for Exchange Members is presented in Appendix 3 hereto; the terms and conditions of the agreement shall be defined through separate arrangements in accordance with the principles of uniformity and equality. For the avoidance of any doubt, it is agreed that Exchange Members are selected for the Programme on the basis of data contained in the form and that the agreement provides the basis for the performance of commitments with respect to GPW.
7. A properly completed form for Exchange Members shall be delivered to the offices of GPW by registered mail, by courier, or in person, no later than 4 p.m. on the Closing Date.
8. GPW shall pay Exchange Members a fee of PLN 50,000 (fifty thousand zlotys) net for analytical coverage per Issuer. The due dates of such payments and the terms and conditions of co-operation between GPW and the Exchange Member shall be laid down in an agreement.
9. GPW reserves the right not to launch the Programme at any time, in particular if fewer than 30 Companies enrol in the Programme. If the Programme is not launched, any commitments or agreements made for the purposes of the Programme shall automatically expire and GPW shall have no liability thereunder.
10. GPW reserves the right to discontinue the Programme at any time if it decides that Programme participants, i.e., Companies or Exchange Members, are in default of their commitments or agreements or in the event of other extraordinary circumstances which are not known to GPW at the date when the Regulations come into force. GPW accepts no liability to Companies or Exchange Members for

discontinuation of the Programme. Any disputes arising in connection with the Programme shall be resolved on the basis of commitments and agreements made.

11. GPW shall, within 14 days after the Closing Date, draw up a List of Companies selected for the Programme in accordance with the Company Selection Procedure laid down in § 5 hereof.

#### **IV. Criteria for Selection of Companies for the Programme**

##### **§3**

1. To participate in the Programme, Companies shall meet all of the following criteria:
  - a) the Company's shares participate in mWIG40 or sWIG80 as at 25 March 2019;
  - b) the Company's Capitalisation is no less than PLN 50 million (fifty million zlotys) as at 25 March 2019;
  - c) the Company's Freefloat is > 20% as at 25 March 2019;
  - d) no bankruptcy or restructuring procedures or procedures which could cause the removal of the Company's shares from the Index are pending against the Company;
  - e) the Company's shares are not subject to a tender offer as at 25 March 2019;
  - f) the Company is not merging with another listed company as an acquisition target;
  - g) the Company is not in liquidation or bankruptcy and no liquidation, recovery or restructuring proceedings are pending against the Company;
  - h) trading in the Company's shares is not suspended as at 25 March 2019.
2. To participate in the Programme, Companies must be selected for the Programme in accordance with § 5(1) hereof and entered into the List of Companies.

#### **V. Criteria for Selection of Exchange Members for the Programme**

##### **§4**

1. To participate in the Programme, Exchange Members shall meet all of the following criteria:

- a) the Exchange Member employs<sup>1</sup> a team of at least 3 Analysts and the team prepared analyses of at least 10 companies listed on the GPW Main Market but not participating in WIG20 in the previous calendar year;
  - b) the Exchange Member has the expertise and resources necessary to prepare reliable and correct Analytical Reports for a period of 2 years after signing an agreement with GPW;
  - c) the Exchange Member assigns to GPW all copyright in Analytical Reports, in whole or in part, including derivative rights, under an Analytical Report service agreement, where the assignment of copyright shall include the right to use and dispose of Analytical Reports, in whole or in part, in eternity and throughout the universe, as well as the right to charge fees for the use of Analytical Reports to a full extent.
2. Exchange Members may become Programme Participants as Analytical Report service providers if they meet all of the criteria laid down in (1) above and enrol in the Programme in accordance with § 2(7) hereof. Following a review of the enrolment, provided that all of the requirements are met and GPW selects the Exchange Member for the Programme, GPW and the Exchange Member shall sign an Analytical Report service agreement subject to the standards provided by GPW.
  3. Exchange Members shall prepare the first up-to-date initial Report, referred to in § 7(1)(a) hereof, within 60 days after signing an Analytical Report service agreement with GPW. Otherwise, GPW may refuse to pay the fee referred to in § 2(8) hereof, in whole or in part, accordingly.
  4. If a participating Exchange Member refuses to co-operate, the Exchange Member may be excluded from the Programme. If an Exchange Member is excluded from the Programme, the Company Selection Procedure shall be limited to the number of Exchange Members who actually participate in the Programme.
  5. The liability of GPW for exclusion of Exchange Members from the Programme shall be excluded to the maximum extent allowed by law; Exchange Members waive any claims which may arise from such exclusion. The exclusion decision of the Exchange Management Board shall be final and not open to appeal.
  6. Specific rights and obligations of Exchange Members and GPW shall be governed by Analytical Report service agreements signed bilaterally between the parties.
  7. The criteria of selection of Exchange Members are the criteria defined in this § 4; GPW reserves the right to select some Exchange Members and to reject other Exchange Members who, in the opinion of GPW, give no guarantee that the agreement shall be implemented properly, based on expectations in relation to Exchange Members defined in the Regulations.

## **VI. Procedure of Selection of Companies for the Programme**

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<sup>1</sup> Based on any legal relationship between the parties.



## §5

1. GPW shall carry out the Company Selection Procedure for the Programme as follows:

- a) Companies participating in mWIG40 or sWIG80, whose Freefloat > 20%, shall be ranked in the order of ascending Capitalisation, which must be at least PLN 50 million.
- b) First, those companies are selected whose shares are not covered by analysts (number of analysts covering the company = 0).
  - Next, companies whose number of analysts covering the company = 1.
  - Next, companies whose number of analysts covering the company = 2
  - Next, companies whose number of analysts covering the company = 3
  - Next, companies whose number of analysts covering the company > 3

2. Following the Company Selection Procedure, GPW shall draw up a preliminary List of Companies ranked 1 to last according to the results of the Company Selection Procedure. If more than 40 Companies enrol in the Programme, Companies out of the top 40 shall not be accepted in the Programme. GPW shall only allow companies in positions 1 to 40 to participate in the Programme.
3. GPW shall notify Companies that they have been selected for the Programme. In addition, the results of the selection procedure shall be published on the GPW website.
4. GPW shall draw up a List of Companies participating in the Programme. GPW shall draw up a List of Companies ranked 1 to 40. GPW reserves the right to select for the Programme a Company out of the top 40 if any Company selected for the Programme resigns.
5. The List of Companies shall be distributed to all Exchange Members participating in the Programme. Each Exchange Member shall draw a lot with a number representing the order in which the Exchange Members select one Company from the List of Companies each. Exchange Members in the group with a weight of 7, referred to in § 5(7) below, shall make the selection first. Companies shall be allocated to Exchange Members using the D'Hondt method and the weights referred to in § 5(7) below until the last Company is assigned.
6. The final number of allocated Companies depends on the number of Exchange Members participating in the Programme and whether an Exchange Members employs  $\leq 5$  or  $\geq 6$  Analysts as at the date of enrolment in the Programme. In the case of any doubt, the date of enrolment in the Programme shall be the date of delivery of the form referred to in § 2(6) hereof.
7. The weights assigned to Exchange Members in the allocation of Companies in the Programme shall be as follows:

- a) if the analytical team is comprised of  $\leq 5$  persons as at the date of enrolment in the Programme: **4**;
  - b) if the analytical team is comprised of  $\geq 6$  persons as at the date of enrolment in the Programme: **7**;
8. In the case of any doubts as to the application of the scope and method of the Company Selection Procedure, the Exchange Management Board shall decide. Such decision shall be final and not open to appeal.

## **VII. Rules of Conduct under Special Circumstances**

### **§6**

1. In addition to cases referred to in § 2(9)-(10) hereof, GPW reserves the right to discontinue the Programme or exclude a Programme Participant (Exchange Member of Company, respectively) from the Programme if any of the following circumstances occurs:
  - a) a Programme Participant declares bankruptcy or bankruptcy, recovery, restructuring, or liquidation proceedings are pending against the Programme Participant;
  - b) a Programme Participant is in default of commitments assumed in the form or the agreement;
  - c) a Programme Participant no longer gives a guarantee of proper performance of obligations;
  - d) a Programme Participant operates in breach of accepted market practice, regulations governing the exchange or principles of due diligence, loyalty and impartiality in relation to participants of trading on the exchange;
  - e) the shares of the Company are subject to a tender offer;
  - f) the shares of the Company are delisted on GPW;
  - g) trading in the shares of the Company is suspended;
  - h) an Analytical Report fails to meet the requirements of § 7 hereof or the Review Panel considers an Analytical Report to be unreliable, incorrect, useless, etc.;
  - i) the Company is acquired by another entity or its activity is discontinued;
  - j) the Exchange Member's brokerage licence is withdrawn or its activity is wound up;
  - k) in other cases defined in Programme agreements made by the parties.
2. In the event of any circumstances referred to in (1) above, the Exchange Management Board shall decide. Such decision shall be final and not open to appeal.

3. In the event of any circumstances other than those referred to in (1) above, the Exchange Management Board may at any time decide to exclude a Programme Participant if its action or omission is in breach of the rules of good conduct or legitimate interests of GPW or otherwise interferes with the rules of operation of the exchange or the Programme. Such decision shall be final and not open to appeal.

## **VIII. Criteria for Analytical Reports**

### **§7**

1. Under the Programme, GPW shall request Exchange Members to prepare Analytical Reports including:

- a) Initial report: maximum 20 pages, excluding disclaimers (font: 12, Times New Roman), including: valuation,<sup>2</sup> business model and strategy, market, financial forecasts for the next 3 years, shareholders, description of risk factors, target price; the initial report model is presented below:

|  |
|--|
| Initial report – Table of contents:<br>Cover page<br>Tables with forecasts, multiples, risk factors<br>Valuation<br>Business model and strategy<br>Financial forecasts<br>Disclaimer |
|--|

- b) Update report: maximum 10 pages, excluding disclaimers (font: 12, Times New Roman), valuation, published at least twice per year following the publication of the initial report, including: recent events significant for the Company, update of financial forecasts, valuation, target price; the update report model is presented below:

|  |
|--|
| Valuation update report – Table of contents<br>Cover page<br>Tables with forecasts, multiples, risk factors<br>Valuation<br>Recent events<br>Update of financial forecasts<br>Disclaimer |
|--|

2. A forecast of quarterly results may be included in update reports referred to in (1)(b) above, together with a discussion of the results.
3. The reports referred to in (1)(a)-(b) above need not present directional information: *Buy, Sell, Hold*; however, Analysts may include such information.

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<sup>2</sup> Historical data for a period of 3 years

4. In addition to the requirements of (1) – (3) above, Analytical Reports should respect the principles of transparency, follow market standards and comply with the law.
5. The reports referred to in (1)(a)-(b) above shall be published in Polish. A summary/commentary, in particular information concerning the valuation, risk factors, and target price (maximum 2 pages excluding disclaimers, font: 12, Times New Roman), for each such report shall be published in English.
6. The quality of reports shall be evaluated by the Review Panel, referred to in § 8 hereof, at least on an annual basis.
7. GPW may publish Analytical Reports, in whole or in part, free of charge in any mass media, and Exchange Members shall not be entitled to any additional fee therefor.

For the avoidance of any doubt, it is agreed that Analytical Reports comprised of an initial report and an update report, in whole or in part, including any additions, updates, modifications, etc., prepared for a Company shall constitute an integral whole.

## **IX. Review Panel**

### **§8**

1. To examine the transparency, utility, correctness, reliability, and quality of Analytical Reports, in whole or in part, GPW shall establish an independent review panel comprised of 3 (three) to no more than 5 (five) non-GPW experts with the necessary special information, expertise, experience and skills.
2. Members of the Review Panel shall have no relationship within the meaning of the Act of 15 September 2000 – Code of Commercial Companies or other factual or indirect relationship with any of the Programme Participants or Analysts.
3. Members of the Review Panel shall be appointed by decision of the Exchange Management Board. Such decision shall be final and not open to appeal.
4. The Review Panel shall have an advisory function. The final decision concerning the evaluation of Analytical Reports shall be with GPW.
5. The responsibilities of the Review Panel shall include without limitation:
  - a) advisory concerning the correctness, reliability and quality of Analytical Reports, in whole or in part;
  - b) monitoring of received Analytical Reports, in whole or in part, with regard to substance and quality;
  - c) notifying GPW of irregularities identified in Analytical Reports, in whole or in part;
  - d) other responsibilities requested by GPW in the Programme concerning Analytical Reports, in whole or in part.
6. The Review Panel shall meet once per year, on the date and at the venue defined by the Exchange Management Board. Notification of the date of a Review Panel

meeting shall be given to Review Panel members at least 7 days before the scheduled date of the meeting by email at the address provided by Review Panel members in separate documents. If an extraordinary meeting of the Review Panel is required in addition to its annual meeting, the Exchange Management Board shall notify the Review Panel members according to the same procedure.

7. The Review Panel shall be appointed for a term of 2 years starting on the date of appointment by the Exchange Management Board.
8. Membership of the Review Panel shall expire where:
  - a) a Review Panel member resigns or passes away;
  - b) a Review Panel member is dismissed by decision of the Exchange Management Board if the ineligibility criteria referred to in (2) above arise.
9. In the event of any circumstances referred to in (8) above, causing a change on the Review Panel, the Exchange Management Board shall appoint a new member of the Review Panel who meets the criteria defined in (1) above. The mandate of a Review Panel member so appointed shall expire at the expiry of the term of the Review Panel.
10. Review Panel members shall receive no remuneration.

## **X. Final Provisions**

### **§9**

1. Each Company shall pay its own expenses of participation in the Programme, including enrolment in the Programme, whether or not the Programme is implemented and whether or not the Company is selected for the Programme.
2. A Company's enrolment in the Programme shall be tantamount to its acceptance of these Regulations.
3. GPW may decide not to select Participants and consequently close the Programme without stating its reasons, and Participants shall have no claims thereunder.
4. Any doubts arising in connection with the implementation or operation of these Regulations shall be resolved by the Exchange Management Board unless the generally applicable legislation or GPW's regulations provide otherwise.
5. For the avoidance of any doubt, it is agreed that Polish law shall be the exclusive law governing the interpretation of these Regulations.
6. These Regulations shall come into force as of the date specified in the resolution of the Exchange Management Board approving the Regulations.
7. Any agreements concluded in the Programme shall be interpreted in accordance with the framework of these Regulations.

*Appendices:*

- 1. Model enrolment form for Companies;*
- 2. Model enrolment form for Exchange Members;*
- 3. Freefloat regulations.*

**ENROLMENT FORM FOR COMPANIES**  
**Analytical Coverage Support Pilot Programme**

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*Company's name*

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*Company's LEI*

Other details:

1. \_\_\_\_\_  
*Company's capitalisation as at 25 March 2019*
2. \_\_\_\_\_  
*Index*
3. \_\_\_\_\_  
*Number of analysts who prepare  
analyses and recommendations  
for the Company's shares*

Acting on behalf of the Company, I hereby enrol the Company and accept the terms and conditions of participation in the Analytical Coverage Support Pilot Programme organised by the Warsaw Stock Exchange ("**Programme**") as an issuer subject to valuation analyses and exchange recommendations.

Furthermore, I hereby represent that the Company has read and understood the terms and conditions of participation in the Programme and that all information provided above and all information provided in the Programme is reliable and true. Moreover, the Company shall comply with the Regulations of the Programme and resolutions of the Exchange Management Board passed in the Programme.

The Company hereby accepts that its participation in the Programme may be published and that GPW may publish Analytical Reports concerning the Company prepared by Analysts in the Programme. Such publication shall not infringe on the Company's business secret and GPW shall not be bound by confidentiality to such extent.

In the Programme, the Company shall provide requested data and information for the preparation of Analytical Reports, in whole or in part, within time limits defined by the Analyst.

The Company acknowledges that GPW accepts no liability to the content or preparation of Analytical Reports or their execution; GPW's liability shall be excluded to the extent allowed by law.

Attached are the Company's documents confirming the powers of its representatives who present this enrolment form.

(signature of the Company's representative)

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*(date and place)*

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**ENROLMENT FORM FOR EXCHANGE MEMBERS****Analytical Coverage Support Pilot Programme**

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*Company's name*

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*Company's LEI*

Other details:

1. \_\_\_\_\_  
*Number of analysts*
2. \_\_\_\_\_  
*Number of companies covered in 2018 (excluding WIG20 companies)*

Acting on behalf of the Company, I hereby enrol the Company and accept the terms and conditions of participation in the Analytical Coverage Support Pilot Programme organised by the Warsaw Stock Exchange ("**Programme**") as a potential provider of analytical reports of companies participating in the Programme.

Furthermore, I hereby represent that the Company has read and understood the terms and conditions of participation in the Programme, including the Regulations of the Programme, and that all information provided above and all information provided in the Programme is reliable and true.

The Company hereby accepts that its participation in the Programme may be published.

Attached are the Company's documents confirming the powers of its representatives who present this enrolment form.

(signature of the Company's representative)

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(date and place)

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## **Free float factor**

1. GPW shall establish the number of shares in free float based on information contained in prospectuses and other information documents of issuers and current and periodic reports of listed companies.

2. The number of free floating shares is the number of shares in the company, as registered in the National Court Register (KRS), less:

- the number of shares held by shareholders, each individually or jointly with related shareholders, holding more than 5% voting rights attached to those shares, subject to items 3 - 5,
- the number of the company's own shares earmarked for redemption,
- the number of registered shares.

3. The free floating shares shall also include all shares in a company which are:

- held by investment funds and pension funds,
- held by asset management institutions,
- included in depositary receipt programmes.

4. The number of free floating shares may be reduced by the number of shares held by the shareholder who together with the State Treasury, Bank Gospodarstwa Krajowego (BGK) or a sole shareholder company of the State Treasury owns more than 5% of voting rights attached to those shares and at the same time State Treasury, Bank Gospodarstwa Krajowego or a sole shareholder company of the State Treasury holds directly or indirectly more than 50% of voting rights attached to shares of this shareholder.

5. In special cases, the number of free float shares may also be reduced by the number of shares held by a shareholder, in which the State Treasury, Bank Gospodarstwa Krajowego or a sole shareholder company of the State Treasury holds directly or indirectly more than 50% of voting rights of shares of that shareholder, although the State Treasury, Bank Gospodarstwa Krajowego or a sole shareholder company of the State Treasury does not hold shares of a given issuer.

6. In the case where the number of free floating shares calculated in accordance with points 2 - 5 is higher than the number of shares introduced to exchange trading, the number of shares introduced to exchange trading is considered to be the number of free floating shares.

7. For companies domiciled outside the Republic of Poland whose shares are also listed on a foreign market, the free float shall be the median of the number of shares deposited in the National Depository for Securities for the period of last 3 months.

8. In doubtful cases the Exchange may approach the Index Committee for an opinion.