

Guidelines to fulfil the notification obligation of transactions set forth in § 188¹³ of the Securities Market Act

Pursuant to § 57(1) of the Financial Supervision Authority Act, the management board of the Financial Supervision Authority has approved the following advisory guidelines by its decision No. 39 of 30 March 2005:

1. Objective of the guidelines

The objective of these guidelines is to find legal effects of the content and form of the notification obligation of transactions, the circle of persons to whom the notification obligation applies to, and failure to notify, set forth in § 188¹³ of the Securities Market Act.

2. Notification obligation

The head of the issuer, a person related to him/her, and a legal person connected to the Estonian issuer or a foreign issuer (clause 5), who submits annual reports to the Financial Supervision Authority pursuant to Article 10 of the 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 (the issuer) (clause 4), shall inform the Authority (clause 10) of a transaction (clause 6) made on its account (clause 7) with the issuer's shares, derivatives or financial instruments connected to such derivatives (clause 8) latest on the fifth business day (clause 11) after the transaction is concluded (clause 9).

Every transaction by the person shall be notified to the Financial Supervision Authority separately.

3. Disclosure of data

The Financial Supervision Authority shall disclose on its website the data set forth in § 188¹³ (2) of the Securities Market Act.

4. Issuer

4.1. Estonian issuer

A legal person who has obtained passive legal capacity from registration in a relevant register in Estonia, whose securities are traded in the Estonian regulated securities market.

4.2. Foreign issuer

(i) An issuer of a European Union State, whose securities are traded in the Estonian regulated securities market and who, before trading in the Estonian regulated securities market, did not have to fulfil an obligation similar to the obligation set forth in § 188¹³ (2) of the Securities Market Act, in another European Union State.

(ii) An issuer originating from a third country, which is not a European Union State, whose securities enter the European Union for trading through the Estonian regulated securities market, and who has an obligation to disclose its annual report through the Estonian regulated securities market.

5. Head of the issuer, a person related to him/her and a legal person connected to the issuer

5.1. Head of the issuer

A head of the issuer is its:

- (i) member of the management board;
- (ii) member of the supervisory board;
- (iii) employee who has regular access to the internal information of the issuer and the right to take management decisions regarding the issuer's development and business.

The position, responsibilities and decision-making powers of the employee described in sub-clause (iii) may vary among different issuers. In appointing such an employee, his/her regular access to internal information, right to take development and/or business decisions, which are binding to the issuer, shall be assessed. The employee described in sub-clause (iii) may for instance be a general manager, executive director, sales director, head accountant, sectoral manager.

5.2. Person close to the head of the issuer

A person close to the head of the issuer is:

- (i) his/her spouse;
- (ii) his/her minor child;
- (iii) a person who, as of the date of the transaction, has shared a common household with the head of the issuer for at least one year.

Regarding the person specified in sub-clause (iii), an important factor is his/her common interests (dependency on) and connection with the economic situation of the head of the issuer. A person sharing a common household may for instance be a significant other, sister, brother, mother, father.

5.3. Legal person connected to the issuer

A legal person connected to the issuer is:

- (i) a civil law partnership or a legal person managed or controlled by the head of the issuer or a person close to him/her;
- (ii) a civil law partnership or a legal person the management of which is significantly influenced by the head of the issuer or a person close to him/her;
- (iii) a civil law partnership or a legal person established for the benefit or in the interest of the head of the issuer or a person close to him/her, or the economic interests of which are to a significant extent similar to the economic activities of the head of the issuer or a person close to him/her.

Upon identification of the control, whether direct or indirect, named in sub-clause (i), §10 of the Securities Market Act must be followed.

6. Transaction

A transaction is an act or a set of interrelated acts, which contains a declaration of intention directed at bringing about a certain legal consequence. Transactions are for instance purchase and sale, exchange, loan, gift, receipt of shares from fund emission, receipt of shares from convertible debenture.

7. Transactions in own account

A person concludes a transaction on his/her own account for instance when he/she sells his/her personal shares or authorises a third person by an authorisation agreement to sell shares, and the third person, whether in his/her own name or in the name of the mandator sells the shares. A person does not conclude

a transaction on his/her own account, when he/she sells shares of a third person under instructions received under an authorisation agreement concluded with a third person.

8. Shares, derivatives and financial instruments

Obligated persons shall inform of any transactions on their account made with the issuer's

- (i) share traded on the regulated securities market;
- (ii) derivatives connected to such a share;
- (iii) other financial instrument connected to such a share.

The terms "derivative" and "financial instrument" are defined in §§ 2(2) and 188¹ of the Securities Market Act. The notification obligation also applies to such derivatives (transactions with derivative instruments) and other financial instruments, which are not traded on the regulated securities market, but where the shares, which are the final underlying assets, are traded on the regulated securities market. For instance a financial instrument is a call option on an issuer's share described in sub-clause (i); a convertible debenture, which gives the right to obtain an issuer's share described in sub-clause (i); a forward, which gives the right to obtain an issuer's share described in sub-clause (i).

9. Entering into transactions

Entry into a contract can be verified pursuant to §§ 9 and 10 of the Law of Obligations Act. Performance of a transaction can be verified pursuant to §§ 67-76 of the General Part of the Civil Code Act. If foreign law is applied and that country uses different rules for entry into contract and verification of transactions, then such rules are taken as the basis.

10. Way of notification

The Financial Supervision Authority notification address by mail is Sakala 4, 15303 Tallinn or by facsimile number +372 6 680 501.

11. Time of notification

The Financial Supervision Authority must be notified of the transaction within five business days from the conclusion of the transaction.

12. Form of notification

It is recommended to notify the Financial Supervision Authority by filling in the form "Notification of Securities Market Act § 18813 transactions to the Financial Supervision Authority" ("form") provided in Annex 1 to these guidelines and submitting the completed and signed form to the Financial Supervision Authority (clause 10).

Every transaction must be notified separately on a separate form. Transactions on the form (or notified otherwise) must not be summed, set off, presented as net change of a group of transactions, one notification cannot be submitted for different persons etc. For instance, if 300 shares traded on the Tallinn Stock Exchange main list are sold with two contracts (100 with one and 200 with the other) on the same day to credit institutions outside the stock exchange by the spouse of the issuer's member of the management board, then the named spouse, or his/her representative (e.g. the agent who concluded the sales transaction on the account of the management board member's spouse), shall complete two forms (one for sale of 100 shares and the other for sale of 200 shares), sign them, and send them to the Financial Supervision Authority fax No. 668 05 01 on the fourth day after completing the sales contract.

13. Representation in notification obligation

The notification obligation applies personally to the head of the issuer, a person close to the head of the issuer and a legal person connected to the issuer. A third person may be entitled for the notification obligation pursuant to the general provisions of the civil law, but an entitlement does not terminate or change the personal notification obligation of the person in case of failure to fulfill or undue fulfilling of the notification obligation. The basis for a right of representation for a transaction must be notified to the Financial Supervision Authority, and a reference should be made to the source document, if possible.

In case of right of representation arising from law, the notification to the Financial Supervision Authority must include the content and legal basis of the right of representation. For instance a minor child, a person with restricted active legal capacity who has shared household with the head of the issuer for at least a year by the date of concluding the transaction etc.

The management board or a similar body of a legal person is deemed to be the legal representative of the legal person and it has the notification obligation. A legal person may, by its internal procedures, organize the fulfilling of the notification obligation in a manner more suitable to it.

In case of using the right of representation, the representative shall indicate his/her first name and surname in the corresponding field of the confirmation part of the form and confirm the correctness of data with his/her signature.

14. Instructions to and fields of the notification form (Annex 1)

To be filled in clearly and in capital letters.

GENERAL DATA

Field “...name” – write the full name of the person obliged to notify. In case of a natural person first name and surname; in case of a legal person or a civil law partnership its (business) name or the date of establishing the civil law partnership.

Field “...address” – write the contact address of the natural person obliged to notify, contact address of a legal person and, in case of a civil law partnership, the place of residence or seat of at least one partner. The contact address may be for instance the issuer’s address, mailing address, home address or other contact point of the obliged person.

Field “...relationship to the issuer” – write whether it is the head of the issuer, a person close to the head of the issuer, a legal person connected to the issuer.

Field “...reason for the notification obligation” – write the basis for the notification obligation. If the person him/herself is not the head of the issuer, then refer to the head of the issuer through who he/she is connected to the issuer.

Field “Name of the issuer” – write only the full name of the issuer, whose transactions with a share traded on the regulated market, related derivative or other financial instrument, are notified. The name of the issuer of the derivative or other financial instrument need not be indicated, if the issuer is different from the issuer of the share. Also, in the latter case, only the full name of the issuer of the share must be indicated.

BASIC DATA

Field 1 “...identification number” – ISIN or other code, if assigned to the share, derivative or other financial instrument (object of the transaction), number of the contract or similar document.

Field 2 “...name” – name of the financial instrument, which is the object of the transaction. The division of financial instruments is listed in §§ 2(2) and 188¹ of the Securities Market Act, but the financial instrument may be a contract, which is not traded on the regulated securities market (clause 8). For instance a share, a convertible debenture, a call option.

Field 3 “...description” – description of the financial instrument, which is the object of the transaction; for additional description of an instrument, which is not a usual instrument issued, but a derivative or other financial instrument. For instance, if the second field “call option” is filled, then the underlying assets and other necessary conditions must be indicated in the third field.

Field 4 “...amount” – number of the financial instruments, which are the object of the transaction, if available. It must be indicated here how many shares this transaction concerns. For instance, upon sale of shares, it must be indicated here how many shares are sold; upon a call option, it must be indicated here how many shares of the issuer the option concerns, if available, or upon handling an option as a security, how many options and, if available, how many shares of the issuer the option concerns.

Field 5 “...price” – the price of the financial instrument, which is the object of the transaction. The price must be indicated in the currency of the transaction.

Field 6 “...nature of the transaction” – describe the nature of the transaction (purchase/sale/other). “Other” must include a short description of the transaction.

Field 7 “...date” – the date of concluding the transaction (date must be in format dd.mm.yyyy, where d=day, m=month, y=year).

Field 8 “...time” – the time of concluding the transaction (format hh:mm, where h=hour, m=minute).

Field 9 “...market” – the name of the market where the transaction was entered into, if available, if the transaction was concluded on a securities market (e.g. Tallinn Stock Exchange). In case of a non-market transaction, write “non-market transaction” or “OTC”.

15. Failure to fulfil the notification obligation

Pursuant to § 237²⁶ of the Securities Market Act, violation of the notification requirement is a misdemeanour, which is punishable with fine of up to 300 fine units for a natural person and up to 50,000 kroons for a legal person.

16. Important legal notice

The Financial Supervision Authority is not responsible for the content and correctness of the data submitted in the course of the notification obligation, and discloses the notified data in faith that the person with the notification obligation has shown necessary care and that the notified data is accurate and correct.

17. Entry into force of the advisory guidelines

These advisory guidelines come into force on 1 April 2005.