

REPUBLIC OF LITHUANIA LAW ON SECURITIES

18 January 2007 No X-1023

Vilnius

(As last amended on 17 January 2013 – No XII-148)

SECTION I GENERAL PROVISIONS

Article 1. Objective and Purpose of the Law

1. The purpose of this Law—to establish the procedure for the preparation, approval and publishing of a prospectus and takeover bids as well as the requirements for the disclosure and storage of periodic and current information.
2. This Law is intended to bring into line the regulation of securities markets with the relevant legislative acts of the European Union listed in Annex to this Law.

Article 2. Main Definitions of this Law

1. **Holding**—the share of the voting rights of an issuer held at the general meeting of shareholders by a shareholder representing 5 per cent or more of the total voting shares.
2. **Shareholder**—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**—an offer to acquire securities and their transfer after the completion of the primary trading in the securities.
4. **Open-ended collective investment undertaking**—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 of the Republic of

Lithuania on Collective Investment Undertakings (hereinafter: ‘the Law on Collective Investment Undertakings’) thus spreading the risk;

- 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 offeree company**—a company, the securities whereof are the subject of a take-over bid.
6. **Central storage facility**—the data base storing regulated and other information;
7. **Multiple-vote securities**—securities assigned to a distinct and separate class and carrying at the general meeting of shareholders more than one vote.
8. **Multilateral trading facility**—a facility as defined in the Republic of Lithuania Law on Markets in Financial Instruments (hereinafter: ‘the Law on Markets in Financial Instruments’).
9. **Depository receipt in respect of shares**—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.
10. **Electronic means**—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.
11. **Material event**—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.
12. **European Systemic Risk Board**—an institution established on the basis of Regulation (EU) No 1092/2010 of the European Parliament and the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board (OJ 2010 L 331, p.1).
13. **European Securities and Markets Authority**—an institution established on the basis of Regulation (EU) No 1095/2010 of the European Parliament and the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No. 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ 2010 L 331, p.84).
14. **Financial brokerage firm**—as defined in the Law on Markets in Financial Instruments.
15. **Guarantor (underwriter)**—a person securing the discharge of the obligations arising from securities and/or the distribution of securities of the issuer on its own account.
16. **Annual report of an entity** (hereinafter: ‘annual report’)—as defined in the Law of the Republic of Lithuania on Financial Statements of Entities.

17. **Group of Undertakings**—as defined in the Law of the Republic of Lithuania on Consolidated Accounts of Groups of Undertakings (hereinafter: ‘the Law on Consolidated Accounts of Groups of Undertakings’).
18. **Investor**—a person who holds securities by the right of ownership or intends to acquire them.
19. **Source indicated in the Articles of Association**—as defined in the Law of the Republic of Lithuania on Companies.
20. **Management company of the collective investment undertaking** (hereinafter: ‘a management company’)—as defined in the Law on Collective Investment Undertakings.
21. **Securities of collective investment undertakings**—investment units of an investment fund and shares of an investment company representing the right of the holder thereof in respect of a share of the assets of such collective investment undertaking, and the right to require such securities to be redeemed at any time.
22. **Consolidated Annual Report**—as defined in the Law on Consolidated Accounts of Groups of Undertakings.
23. **Controlled entity**—an entity:
 - 1) in which a natural person or legal person has more than half of the total voting rights of the entity; or
 - 2) of which a natural person or legal person being a participant of the entity has the right to appoint or remove the manager, the majority of the members of the Supervisory Board or the Board. The person’s voting rights granting the right to appoint or remove managers of the entity shall be deemed to include the voting rights held in the meeting of shareholders of the controlled entity by other persons controlled by 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 person has the power to exercise a material influence.
24. **Credit institution**—as defined in the Law of the Republic of Lithuania on Financial Institutions.
25. **Company with reduced market capitalization**—a company listed on a regulated market with an average market capitalization of less than EUR 100 million on the basis of end-year quotes for the previous three calendar years.

26. **Small and medium sized enterprises**—legal persons which according to the set of their last annual financial statements (hereinafter: ‘annual financial statements’) or the set of annual consolidated financial statements (hereinafter: ‘annual consolidated financial statements’) comply with 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 43 million;
 - 3) the net sales revenue during the financial year does not exceed EUR 50 million.
27. **Non-equity securities**—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.
28. **Securities issued in a continuous and repeated manner**—a continuous issue of securities of the same type and/or class or at least two separate issues of a similar type and/or class over a period of 12 months.
29. **Equities (equity securities)**—securities which are:
- 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 Article 2(27)(1) and (2) of this Law by converting them or through the exercise of the rights conferred by them, provided that securities referred to in this point have been issued by the issuer of the securities underlying those referred to in Article 2(27)(1) and (2) of this Law or by an undertaking belonging to the group of undertakings of the said issuer.
30. **Takeover bid circular** (hereinafter: ‘the circular’)—the document disclosing the main information about the bid.
31. **Parties to the takeover bid**—the offeror, members of the offeror’s Board if the offeror is a legal person, 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.
32. **Offeror**—a natural or legal person submitting a takeover bid.
33. **Parent company**—as defined in the Law on Consolidated Accounts of Groups of Undertakings.
34. **Transferable securities**—as defined in the Law on Markets in Financial Instruments except money market instruments the term of validity whereof is shorter than 12 months.

35. **Primary trading in securities**—an offer to acquire securities and a transfer of these securities at the time of their issuance.
36. **Supervisory institution**—the Bank of Lithuania which according to the procedure set by this Law or other laws performs supervisory functions of markets in financial instruments.
37. **Host Member State**—an EU Member State in which the takeover bid is implemented, the admission to trading in securities on a regulated market is sought, or in which trading in securities on a regulated market is permitted when different from the home Member State.
38. **Mandatory takeover bid**—a mandatory takeover bid submitted by a person who has acquired over 1/3 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.
39. **Qualified investors**—investor meeting the criteria of a professional customer defined in the Law on Markets in Financial Instruments.
40. **Prospectus**—a document intended for investors and the general public and containing the information on the issuer and its securities offered to the public or admitted to trading on a regulated market.
41. **Approval of the prospectus**—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.
42. **Regulated information**—the information that the person seeking the admission of its securities to trading on a regulated market without the consent of the issuer shall publish in accordance with the requirements established by this Law and other legal acts.
43. **Regulated market**—as defined in the Law on Markets in Financial Instruments.
44. **Regulated market operator**—as defined in the Law on Markets in Financial Instruments.
45. **Advertisement**—as defined in 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: ‘Regulation (EC) No. 809/2004’).

46. **Market maker**—as defined in the Law on Markets in Financial Instruments.
47. **Voluntary takeover bid**—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.
48. **Persons acting in concert**—natural or legal persons who cooperate with the offeror or the offeree company on the basis of an agreement, either express or tacit, oral or written, aimed at acquiring the control of the offeree company granting 1/3 or more of the votes in the general meeting of shareholders of the offeree company or at frustrating the successful outcome of the bid. Persons controlled by another person, persons acting in concert with that other person, shall also be deemed acting in concert with one another. It shall be deemed that in the cases referred to in Article 24 of this Law the persons concerned act in concert.
49. **Third country**—as defined in the Law on Markets in Financial Instruments.
50. **Third country's supervisory institution**—an institution performing in a non-Member State the functions analogous to the functions of a supervisory institution as provided for in this Law.
51. **Member State**—a Member State of the European Union or a State that belongs to the European Economic Area.
52. **Member State's competent authority**—an institution performing in the Member State the functions analogous to the functions of a supervisory institution as provided for in this Law.
53. **Issue of securities** (hereinafter: 'the issue')—the issue of a series of securities conferring identical property and non-property rights to their owners.
54. **Issuer of securities** (hereinafter: 'the issuer')—a 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; or
 - 2) where the prospectus of securities issued by it from 12 July 2005 was approved by the supervisory institution and securities issued on the basis of this prospectus were offered publicly or admitted to trading on a regulated market and all of these securities or their part placed 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 of shareholders of such issuer has decided within six months from the coming into effect of this Law to continue the public offering of securities. Where the documents confirming the decision to continue the public offering of securities within six months are not submitted to the supervisory institution, for the purpose of this Law such legal person established in the Republic of Lithuania is not considered to be the issuer.

- 55. **Manager of the issuer of securities**—a member of the Supervisory Board, of the Board, the manager of the issuer.
- 56. **Securities market**—a place where securities are traded in an organised way.
- 57. **Offeror of securities**—a natural or legal person offering or intending to offer securities publicly.
- 58. **Public offering of securities** (hereinafter: ‘public offering’)—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 the securities being offered. Offering of securities through intermediaries of public trading in securities shall also be deemed to be the public offering provided it meets the features of the public offering described in the first sentence of this paragraph. 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. Admission of securities to trading in the multilateral trading facility, as well as the communication to persons on the basis of trading in the multilateral trading facility is not deemed to be the public offering of securities.
- 59. **Intermediary of public trading in securities** (hereinafter: ‘an intermediary’)—financial brokerage firms and credit institutions authorised to provide investment services.

Article 3. Application of the Law on Securities

- 1. For the purpose of this Law securities shall be deemed to constitute the transferable securities defined in the Law on Markets in Financial Instruments.
- 2. Section 2 of this Law shall also be applied to investment units or shares of closed-ended collective investment undertakings. Section 3 of this Law shall also be applied to investment units of closed-ended collective investment undertakings or to shares of closed-ended collective investment undertakings allowed to be traded on a regulated market.

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

Article 4. Scope of Application

1. This Section of the Law shall define the requirements for the preparation, approval and publication of the prospectus to be complied by, where the securities of the issuer whose home Member State is the Republic of Lithuania, are intended to be offered publicly or admitted to trading on a regulated market in the Republic of Lithuania and/or other Member State. 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. An issuer in this Section shall also be a legal person established in the Republic of Lithuania, proposing to issue or issuing its securities.
2. The requirements of this Section shall not be applied to:
 - 1) securities issued (to be issued) by open-ended collective investment undertakings;
 - 2) non-equity securities issued (to be issued) by a Member State, its regional or local authorities, the European Central Bank, central banks of Member States of the European Union, also public international organizations of which at least one European Union Member State is a member.
 - 3) shares of the central banks of Member States;
 - 4) securities unconditionally and irrevocably guaranteed by a Member State, its regional or local authorities;
 - 5) non-equity securities issued in a continuous or repeated manner by credit institutions of Member States provided that such securities are not subordinated, convertible 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 provided the securities materialize reception of repayable deposits, and are covered by a deposit insurance coverage;
 - 6) publicly offered securities issued by an issuer incorporated in a Member State, provided the total consideration for the offer in the Member States is less than EUR 5 million calculated over a period of 12 months;

- 7) non-equity securities issued in a continuous and repeated manner by credit institutions incorporated in a Member State where the total consideration for the offer in the Member States is less than EUR 75 million calculated over a period of 12 months, provided that such securities are not subordinated, converted or exchangeable, do not give a right to subscribe to or acquire other types of securities and that they are not linked to a financial derivative.
3. Where in the cases referred to in points (2), (4), (6) and (7) of Article 4(2) of this Law 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. For the purpose of the present Section, the home Member State:
 - 1) for all Community issuers of securities which are not referred to in Article 4(4)(3) of this Law, 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 Article 4(4)(3) of this Law, 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 where 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, a person offering the securities, or a person asking for admission to trading on a regulated market, subject to a subsequent election by issuers incorporated in a third country if the home Member State was not determined by their choice;
 - 3) for any issues of non-equity securities the denomination per unit of which amounts to at least EUR 1 000, 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 EUR, provided that the minimum denomination of such security is not less than EUR 1 000.

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 is addressed solely to qualified investors;
 - 2) an offer of securities is addressed to fewer than 150 natural or legal persons per Member State, other than qualified investors;
 - 3) an offer of securities is addressed to investors who acquire securities for a total consideration of at least EUR 100 000 for each separate offer;
 - 4) an offer of securities the denomination per unit of which amounts to at least EUR 100 000;
 - 5) an offer of securities with a total consideration of less than EUR 100 000 calculated over a period of 12 months.
3. In the cases referred to in points (1) and (2) of Article 5(2) of this Law financial brokerage firms and credit institutions shall communicate their classification of investors as professional clients on request to the issuer without prejudice to the relevant legislation on data protection.
4. The obligation to publish a prospectus shall not apply in the presence of public offer of the following securities:
 - 1) shares issued instead of previously emitted the same class shares provided that after the issue of such shares the issuer's authorised capital does not increase;
 - 2) securities offered as a payment instrument for securities purchased by way of the takeover bid where there is a document prepared according to a set procedure and available to future owners of such securities, which contains the information deemed by the supervisory institution as equivalent to the prospectus information to be provided on a mandatory basis;
 - 3) securities offered, allotted or envisaged for allotment to companies after their merger, incorporation, division by acquisition, division by the formation of a new company or split off of new companies where there is a document approved

according to a set procedure and available to future owners of such securities, which contains the information deemed by the supervisory institution as equivalent to the prospectus information to be provided on a mandatory basis;

- 4) shares paid for dividends to present shareholders (where shares are of the same class as shares for which such dividends are paid out) where a document containing the information about the offer, number and features of shares, as well as reasons and peculiarities of the offer is available to future owners of these shares;
 - 5) securities offered, allotted or to be allotted to existing or former managers or employees by their employer or by an affiliated company provided that the company has its head office or registered office in the Member State and provided that a document is made available to future owners of these securities containing information on the number and nature of the securities and the reasons for and details of the offer.
5. Subsequent (later) sale of securities indicated in Article 5(2) of this Law shall be deemed as a separate offer and on the basis of the provision in Article 2(58) of this Law it is considered whether this offer may be treated as 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 Article 5(2) of this Law.
 6. The admission of securities to trading on a regulated market operating in the Republic of Lithuania shall be subject to the publication of a prospectus in the manner stipulated in this Section by the person seeking the admission of securities to trading on a regulated market.
 7. An obligation to publish a prospectus shall not be applied when the following securities are admitted to trading in a regulated market:
 - 1) shares whose number within 12 months comprises less than 10 per cent of the number of the same class shares admitted to the same regulated market;
 - 2) shares issued instead of previously admitted to the same regulated market the same class shares provided that after the issue of such shares the issuer's authorised capital does not increase;
 - 3) securities offered as a payment instrument for securities purchased by way of the takeover bid where there is a document prepared according to a set procedure and available to future owners of such securities and containing the information

deemed by the supervisory institution as equivalent to the prospectus information to be provided on a mandatory basis;

- 4) securities offered, allotted or envisaged for allotment to companies after their merger, incorporation, division by acquisition, division by the formation of a new company or split off of new companies where there is a document approved according to a set procedure and available to future owners of such securities and containing the information deemed by the supervisory institution as equivalent to the prospectus information to be provided on a mandatory basis;
 - 5) shares offered free of charge, allotted or envisaged for allotment to present shareholders, also shares paid for dividends (where shares given as dividends and shares for which such dividends are paid out are of the same class) where a document containing the information about the offer, number and features of shares, as well as reasons and peculiarities of the offer is available to future owners of these shares;
 - 6) securities offered, allotted or envisaged for allotment to existing or former managers and employees of the issuer by their employer or a company belonging to the issuer's group of entities, provided these securities are of the same class as securities admitted by the issuer to the same regulated market and there is a document containing the information about the number and features of securities, as well as reasons and peculiarities of the offer is available to future owners of these shares;
 - 7) shares that occurred as a result of conversion or exchange of other securities or because of the implementation of the rights granted by other securities where these shares are of the same class as the shares that have already been admitted to the same regulated market;
 - 8) securities that have already been admitted to trading in another regulated market.
8. The exception provided in Article 5(7)(8) hereof may be used where the following requirements are complied with:
- 1) these securities or other the same class securities have been admitted to trading in the same regulated market for more than 18 months;
 - 2) securities were admitted to trading in that regulated market for the first time after 31 December 2003 where before that date an approved prospectus which is an obligatory condition for the admission to trading in that regulated market, has been published in the procedure set in Article 14 of Directive 2003/71/EC;

- 3) securities, other than those indicated in Article 5(8)(2) of this Law, were admitted to that regulated market for the first time after 30 June 1983 and their prospectus or other documents obligatory for the admission to trading in that regulated market were approved according to the requirements established in Directive 80/390/EEC or Directive 2001/34/EC;
 - 4) conditions for admission to trading in a regulated market are satisfied and continuous duties set for issuers in that regulated market are fulfilled;
 - 5) a person prepares and according to requirements set in this Law communicates to the public a summary note in the Lithuanian language;
 - 6) contents of the summary note comply with the requirements for the summary prospectus provided for in legal acts, and the summary note specifies where to get the latest prospectus and financial information published by the issuer in accordance with information disclosure requirements.
9. The obligation to publish another prospectus shall not apply for any subsequent resale of securities or final placement of securities through financial intermediaries as long as a valid prospectus is available in accordance with Article 10 of this Law and the issuer or the person responsible for drawing up such prospectus consents to its use by means of a written agreement.
10. Point (5) of Article 5(4) of this Law shall also apply to a company established outside the European Economic Area whose securities are admitted to trading either on a regulated market or on a third-country market. In the latter case, the exemption shall apply provided that adequate information, including the document referred to in point (5) of Article 5(4), is available in English and provided that the European Commission has adopted an equivalence decision regarding the third-country market concerned.

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 peculiarities 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, and of the rights granted by such securities. The prospectus shall also include a summary that, in a concise and

comprehensible manner provides key information. The prospectus must be of such a form that the information could be easily understood and analysed.

2. Where the final price of a bid and the number of securities to be publicly offered cannot be specified in the prospectus:
 - 1) the prospectus must specify the criteria and/or the terms and conditions for the establishment of the number and price or the maximal price of securities, or;
 - 2) an investor shall have a right, by applying in a simple written form to the person specifically indicated in the prospectus, to revoke the acquisition or subscription of securities not later than within 2 working days from notifying the supervisory institution and publicly announcing in the manner defined in this Article 6(2)(2) of this Law the final price and amount of the bid.
3. The supervisory institution may permit not to provide in the prospectus certain information the inclusion whereof in the prospectus shall be mandatory under the provisions of this Section and of Regulation (EC) No. 809/2004, when there is ground to believe that:
 - 1) the disclosure of such information would be contrary to the public interest; or
 - 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 or the offeror of securities, also the rights assigned by securities to which the prospectus relates; or
 - 3) such information is of minor importance only for a specific offer or admission to trading on a regulated market and is not such as will influence the assessment of the financial position and prospects of the issuer, offeror or guarantor, if any.
4. Upon the choice of the issuer, the offeror of the securities or a person asking for admission to trading on a regulated market the prospectus may be drawn up as a single document or as several separate documents. 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. Where the prospectus relates to the admission to trading on a regulated market of non-equity securities having a denomination of at least EUR 100 000, requirement to provide a summary shall not apply, with the exception of events specified in Article 15(4) of this Law.
5. Where securities are guaranteed by a Member State, an issuer, an offeror or a person asking for admission to trading on a regulated market, when drawing up a prospectus in

accordance with Article 4(3) of this Law, shall be entitled to omit information about such guarantor.

6. The contents of the prospectus, the form of its constituent parts and the procedure for drawing up the prospectus shall be determined by the supervisory institution.

Article 6¹. Key Information in the Prospectus

1. Key information of the prospectus shall mean essential and appropriately structured information which is to be provided to investors with a view to enabling them to understand the nature and the risks of the issuer, guarantor and the securities that are being offered to them or admitted to trading on a regulated market.
2. In light of the offer and securities concerned, the key information shall include the following elements:
 - 1) a short description of the risks associated with and essential characteristics of the issuer and any guarantor, including the assets, liabilities and financial position;
 - 2) a short description of the risk associated with and essential characteristics of the investment in the relevant security, including any rights attaching to the securities;
 - 3) general terms of the offer, including estimated expenses charged to the investor by the issuer or the offeror;
 - 4) details of the admission to trading on a regulated market;
 - 5) reasons for the offer and use of proceeds.

Article 7. Responsibility for Information Provided in a Prospectus

1. The responsibility for the correctness and completeness of the information presented in the prospectus shall attach to the issuer, the underwriter, the administrative, management and supervisory institutions of the issuer, offeror of securities and the person seeking admission to trading on a regulated market. Other persons maybe designated as responsible for the information presented in the prospectus apart from the mentioned persons and the bodies of the undertaking. The persons responsible shall be clearly identified in the prospectus: name and last name of the natural person, position held, name of the legal person and the registered office address. The declaration of responsible persons may be attached to the prospectus to the effect that to their best knowledge the information contained in the prospectus is in accordance with the facts and that no material information has been omitted.

2. An investor who suffered damage due to an inaccurate or incomplete information presented in the prospectus shall have a right to claim indemnity from the responsible persons in the manner stipulated in the Civil Code of the Republic of Lithuania (hereinafter: '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 of the prospectus (including the translation thereof), unless the summary of the prospectus, when read with other parts of the prospectus, is misleading, inaccurate, inconsistent or it does not provide, when read together with the other parts of the prospectus, key information referred to in Article 6¹. The summary of the prospectus shall contain a clear warning to that effect.
3. The supervisory institution shall have a right to require that the issuer, offeror of securities or the person applying 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 the information presented in the prospectus, and signed by such persons, including 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 for the approval of the prospectus.

Article 8. Approval of a Prospectus

1. Only a prospectus approved by the supervisory institution or the competent authority of another Member State may be announced.
2. The supervisory institution shall notify of its decision concerning the approval of the prospectus the issuer, the offeror of securities or the person seeking the admission of securities to trading on a regulated market and the European Securities and Markets Authority not later than within 10 working days from the submission of the draft prospectus for approval.
3. The time limit referred in Article 8(2) of this Law shall be extended to 20 working days where the securities intended for public offering have been issued by the issuer who 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 supervisory institution does not pass any decision the prospectus shall be deemed not approved.
5. Where the supervisory institution finds that the documents submitted to it are incomplete or it has reasonable grounds to require additional information to be submitted, the

supervisory institution 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 submit supplementary documents or information. Article 8(2) and (3) of this Law shall commence from the date the supplementary information or materials are submitted to the supervisory institution.

6. The supervisory institution, having in advance notified the European Securities and Markets Authority and obtained prior consent from the competent authority of another Member State, shall have a right to transfer to it the right to approve the prospectus. The supervisory institution 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. Article 8(2) and (3) of this Law shall apply from the date of the decision by the supervisory institution 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 supervisory institution 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 supervisory institution 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 supervisory institution supplementary information or documents necessary for passing the decision concerning the approval of the prospectus.
8. The supervisory institution 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 is 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 supervisory institution to investors.

9. The supervisory institution shall not approve the prospectus, where:
 - 1) the issuer has provided the 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 supervisory institution 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 supervisory institution.

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 Supervisory institution and publish the prospectus without delay, and 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 ; or
 - 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 wishing to receive such brochure; or
 - 3) in an electronic form in the Internet website of the issuer or the Internet websites of intermediaries (including the paying agents) placing or selling the securities; or

- 4) in an 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 Article 9(2)(1) or (2) of this Law, the prospectus shall be additionally published electronically in the manner stipulated in Article 9(2)(3) of this Law. A hard copy of the electronically published prospectus shall be at no charge handed out to the investor, if he so requests. A 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 Supervisory institution shall furnish on its website the list of the prospectuses approved during the last 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 Article 9(2) and (3) of this Law. 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 supplements thereto shall be identical to the text and format of the prospectus and supplements approved by the Supervisory institution.

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

1. The prospectus shall remain in effect for a period of 12 months after its approval provided all conditions stipulated in Article 10(2) of this Law are complied with.
2. Every significant new factor, material mistake or inaccuracy related to the information included in the prospectus and capable of affecting the assessment of the securities concerned and which arise or are noted between the time when the prospectus is approved and the final closing of the offer to the public, or the beginning of trading on a regulated market, whichever occurs later, shall be specified 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 seven working days from the submission of the documents in the same procedure as the prospectus itself. The summary of the prospectus 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 to the securities before the supplement is published, shall have the right, exercisable within two working days after publication of the supplement to the prospectus, to withdraw its acceptance, provided that the new factor, mistake or inaccuracy arose before the final closing of the offer to the public and the delivery of the securities. That period may be extended by the issuer or the offeror but the final date of the right of withdrawal shall be stated in the supplement of the prospectus. The issuer and the offeror of the securities shall repay contributions of the investors within ten working days without any deductions made.

3. The supervisory institution shall, in the manner stipulated in Article 8(2) of this Law, notify the issuer, the offeror of securities or the person applying for admission to trading on a regulated market, and the European Securities and Markets Authority about the adopted decision regarding the approval of the supplement to the prospectus. The supervisory institution shall at the same time submit to the European Securities and Markets Authority a copy of the supplement to the approved prospectus.

Article 11. Advertising of Securities

1. Any type of advertisements relating either to the offer to the public of securities or an admission thereof to trading on a regulated market shall be performed only in the observance the principles defined in Article 11(2) to (6) of this Law. The requirements defined in Article 11(2) to (5) of this Law shall be mandatory in the cases the publication of the prospectus is mandatory.
2. Advertisements shall be clearly recognisable as such. 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 must be consistent with that contained in the prospectus, regardless of the fact whether or not such information was disclosed for advertising purposes.
5. Where the issuer or the offeror of securities related to the public offer submits relevant information 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 supervisory institution.

6. When according to this Law or the regulations approved by the supervisory institution no prospectus is required, and the issuer or the offeror of the securities submits relevant information to the persons referred to Article 12(5) of this Law, 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 supervisory institution. Where the supervisory institution has grounds to suspect the violation of the provisions of this Article, it shall have a right to suspend the advertising and to set a time limit not exceeding 10 working days for elimination of the said violations or for carrying-out of other necessary actions. Where the violations are not eliminated or other instructions of the supervisory institution are not complied with within the set time limit, the supervisory institutions shall have a right to prohibit the advertising of securities.

**Article 12. Peculiarities of the Public Offering and Admission to Trading on
a Regulated Market of Securities Executed in another Member State by
the Issuer Established in the Republic of Lithuania**

1. Upon the receipt of the request of the issuer or a person responsible for the drawing up of the prospectus to offer the securities to the public or seek admission to trading on a regulated market in another Member State, the supervisory institution shall, not later than within three 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 a copy of the prospectus to the competent authority of the host Member State and a certificate regarding the approval of the prospectus attesting that the prospectus has been drawn up in accordance with the legal requirements to the competent authority of the host Member State and the European Securities and Markets Authority. Where legal acts of the host Member State stipulate that a translation of the summary prospectus must be provided, the supervisory institution shall additionally provide the competent authority of the Member State with the translation of the summary 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. The issuer or the person responsible for drawing up the prospectus shall also be notified of the certificate of approval at the same time as the competent authority of the host Member State.

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

Article 13. Public Offering 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 supervisory institution 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 prospectus into Lithuanian shall be submitted together with the prospectus and its 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 supervisory institution determines 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 of the established violations the home Member State of the issuer as well as the European Securities and Markets Authority. Where the issuer or the financial institution responsible for the public offering of securities, disregarding the sanctions imposed by the competent authority 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 supervisory institution, 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 supervisory institution shall without delay notify the European

Commission and the European Securities and Markets Authority of the measures that have been undertaken.

4. The supervisory institution shall publish on its website the list of the prospectuses obtained in accordance with this Article and of the certificates of approval of all supplements thereto, as well as, where applicable, the internet reference to these documents published on the website of the competent authority of the home Member State, the issuer or the regulated market. The published list of prospectuses and of the certificates of approval of supplements thereto shall be constantly updated and each record shall be retained on the website for not less than a year.

Article 14. Issuers Established in Non-Member States

1. The supervisory institution shall have a right to approve the prospectus concerning the public offering of securities or the admission to trading on a regulated market of securities of the issuer whose registered office is located in a non-member state and, for the purpose of Article 4(4) of this Law, the home Member State 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 organisations of securities commissions, including the Disclosure Standards approved by the International Securities Commission Organisation (IOSCO);
 - 2) requirements stipulated in respect of the presented information (including the information of financial nature) correspond with the requirements defined in this Law.
2. Where the securities issued by the issuer referred to in Article 14(1) of this Law are publicly offered or admitted to trading on a regulated market in one or several Member States, or one or several Member States except the Republic of Lithuania, the requirements of Articles 12 and 15 of this Law must be met.

Article 15. 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. Upon the request of the issuer, the offeror of securities or the person applying for admission to trading on a regulated market for permission to draw up the prospectus in the English language and having assessed that the interests of investors would be safeguarded the supervisory institution may allow to draw up the prospectus in the English language. In case the prospectus is drawn up in the English language, additionally the summary prospectus shall be provided 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 except the Republic of Lithuania the prospectus submitted for approval of the supervisory institution 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 language acceptable to competent authorities of the home Member States or the English language. The prospectus submitted for approval to the supervisory institution shall be at the discretion of the issuer, the offeror of the securities or the person asking for admission to trading on a regulated market prepared in the Lithuanian or English language.
 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 the prospectus submitted to the supervisory institution for approval must be drawn up in the Lithuanian or English language. 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 each host Member State or the English language. In case the prospectus is drawn up in the English language, 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 is sought in respect of non-equity securities the denomination per unit of which is not less than EUR 100 000, upon the choice of the issuer, offeror of the securities or the person seeking admission to trading on a regulated market, the prospectus must be drawn up in the language of the home Member State and the language acceptable to the competent authorities of the host Member States or in the English language. Where the said securities are admitted to trading on a regulated market in the Republic of Lithuania, additionally the summary prospectus shall be provided in the Lithuanian language.

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 intermediaries. The securities may also be offered by means 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 supervisory institution.
2. In the course of the primary trading in securities all persons belonging to the same group of investors entitled to acquire securities shall be ensured equivalent terms in respect of 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. In the course of offering of securities the procedure, the payment procedure and the time limits for the offering of securities may be modified only with the authorisation of the supervisory institution. 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, denomination, class and type of the issue of securities.
4. All requirements of the primary trading of securities shall also apply in the situation where the offering is executed by an intermediary for the securities acquired from the issuer under a 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 on the company's account, it shall be deemed that the shares are acquired or subscribed to 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 purchased the securities while implementing price stabilisation measures based on the provisions of Commission Regulation (EC) No. 2273/2003 of 22 December 2003 shall be exempted from the requirement to submit an offering.
6. The issuer shall be prohibited from acquiring the securities issued thereby.

Article 17. The 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.

Article 18. Publishing of Information on Material Events

1. An issuer whose securities have been admitted to trading on a regulated market of the Republic of Lithuania must, in the manner prescribed by the supervisory institution, henceforth submit an information notice on each material event, with the exception of events specified in Article 18(2) of this Law, to the operator of the regulated market at which the securities issued thereby are traded as well as to the supervisory institution, and make the said notice public, post it in the Central Storage Facility and on its own website in the manner prescribed in Article 28 of this Law , with the exception of the case provided for in Article 18(2) of this Law. The notification notice must specify the nature of the event and provide its brief description.
2. If disclosure of the information referred to in Article 18(1) of this Law may inflict financial or competition-related damage 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 not publish this information and submit it only to the supervisory institution with a mark “Confidential information”. The issuer shall also provide a written explanation of the reasons for considering the information to be confidential 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 Article 18(1) of this Law. The supervisory institution may require disclosure of the information on a material event prior to the expiry of the confidentiality term specified by the issuer, if:
 - 1) there is no more the ground specified in this point not to disclose the information, or;
 - 2) information has been disclosed to persons to whom such information should not have been disclosed.
3. The operator of the regulated market may set out additional requirements for the disclosure of material events to be applied to the issuers whose securities are admitted to trading on that regulated market.

SECTION III

DISCLOSURE OF PERIODIC AND CURRENT INFORMATION

Article 19. Scope of Coverage

1. The requirements for the disclosure of periodic and current 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 the 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 is:
 - 1) for Community issuers 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;
 - 2) for non-Community issuers 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 II of this Law;
 - 3) for all issuers not referred to in Article 19(2)(1) and (2) of this Law—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 selected by the choice of the issuer. The issuer may choose only one Member State which shall be considered its home Member State for not less than three years, except the cases where the securities of the issuer are no longer traded on a regulated market. The issuer shall notify about of its choice of a home Member State the competent authority of the selected State and publish such information in the manner stipulated in Article 28 of this Law.
3. Issuers established in non-Member States whose home Member State is not the Republic of Lithuania must disclose the periodic and current 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. The supervisory institution shall have a right not to apply to an issuer whose registered office is in a non-Member State the requirements of this Section where the periodic and current information has been prepared and disclosed in accordance with the requirements of the legal acts of the state where the issuer has its registered office, which by a decision of the supervisory institution shall be considered equivalent to the requirements stipulated in this Section. In that case, the supervisory institution shall notify the European Securities and Markets Authority of the derogation applied.
4. The requirements of this Section shall not apply to securities to be issued (issued) by open-type collective investment undertakings.

Article 20. Disclosure of Periodic Information

1. Issuers in the manner established by the supervisory institution shall draw up and make public, post in the Central Storage Facility and submit to the supervisory institution 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 on a regulated market in the Republic of Lithuania.
3. The publication and storage of the information 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 the issuer a possibility to familiarize himself with all the periodic information specified in this Article free of charge and, on the latter's request, provide him with copies of such periodic information. For making copies of periodic information the issuer may charge a fee in the amount set in its Articles of Association which may not exceed the expenses of making copies of the information.
4. The obligation stipulated in Article 20(1) of this Law shall not apply to the issuers:
 - 1) who have issued non-equity securities the denomination per unit of which is not less than EUR 100 000;
 - 2) a Member State, its regional authorities, the European Central Bank, central banks of Member States and public international bodies of which at least one Member State is a member;
 - 3) who have issued non-equity securities the denomination per unit of which is at least EUR 50 000 and which have already been admitted to trading on a regulated market in the Member State before 31 December 2010.
5. The obligation to draw up interim information referred to in Article 20(1) of this Law 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 100 million and they have not published the prospectus.
6. The responsibility for the completeness and correctness of the information referred to in Article 20(1) of this Law shall lie with the issuer, managers of the issuer, its management

and supervisory bodies. Apart from these persons or bodies of management other persons may be held responsible for the periodic information. 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, audited annual report and the representation of the persons responsible within the issuer that, to the best of their knowledge, the financial statements have been prepared in accordance with the applicable accounting standards, are truthful and give a true and fair view of the issuer's assets, liabilities, financial position and profit or loss, and cash flows, and the annual report includes a fair review of the development and performance of the business and the position of the issuer and includes a description of the main risks and contingencies faced by the issuer.
2. If the issuer must draw up audited annual consolidated financial statements, the annual information shall be comprised of the audited annual consolidated financial statements, audited consolidated annual report and the confirmation of the persons in charge that, to the best of their knowledge, the annual consolidated financial statements have been drawn up in accordance with the applicable accounting standards, are truthful and give a true and fair view of the issuer's assets, liabilities, financial condition and profit or loss, and cash flows, and that the annual report includes a fair review of the development and performance of the business and the condition of the issuer and a description of the main risks and contingencies faced by the issuer. Where the issuer must draw up annual consolidated financial statements, the annual information shall also comprise the audited annual financial statements of the parent undertaking and the confirmation made by the persons in charge as well as the annual report of the parent undertaking. When preparing an annual consolidated report, the annual report of the parent undertaking may be combined with the consolidated annual report.
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 concerned. In the event the Code of Governance or certain provisions thereof are not complied with the annual report shall specify which provisions are not complied with and for what reasons.

4. The annual information together with the auditor's report must be made public and submitted to the Supervisory institution not later than within 4 months from the end of the financial year.
5. The accounting of the issuers established in the Republic of Lithuania whose securities have been admitted to trading on a regulated market in one or several Member States must be managed, and their annual financial statements and annual consolidated financial statements must be drawn up in observance of the international accounting standards and other legal acts. The accounting of the issuers established in the Republic of Lithuania whose securities have not been admitted to trading on a regulated market in one or several Member States must be managed, and their annual financial statements and annual consolidated financial statements must be drawn up in observance of the accounting requirements and the requirements for drawing up financial statements stipulated by the legal acts of the Republic of Lithuania. The annual financial statements and annual consolidated financial statements of issuers established in Member States must be drawn up in observance of the requirements of the national legal acts of the Member State where the issuer has been established. The annual financial statements and annual consolidated financial statements of the issuers established in non-Member States must be drawn up in observance of the international accounting standards or the universally accepted accounting principles.
6. The supervisory institution shall have a right to elaborate on the requirements stipulated in this Law and in other legal acts applicable to the annual and consolidated annual statements of the issuer, establish other requirements, revise the procedure for making public and for the submission to the supervisory institution of the information referred to in this Article.

Article 22. Interim Information

1. The interim information shall include a set of interim financial statements of 3, 6, 9 and 12 months (hereinafter: 'interim financial statements') and the representation 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 accounting standards, are truthful and give a true and fair view of the assets, liabilities, financial condition, profit or loss, and cash flows of the issuer. In addition to preparing the six-month interim information, a six-month interim report and the confirmation of the

persons in charge must be drafted stating that, to the best of their knowledge, the interim report includes a fair review of the development and performance of the business.

2. Where the issuer must draw up a set of interim consolidated financial statements (hereinafter: 'interim consolidated financial statements'), the interim information shall include interim consolidated financial statements of 3, 6, 9 and 12 months and the confirmation made by the persons in charge that, to the best of their knowledge, the interim consolidated financial statements have been prepared in accordance with the applicable accounting standards, are truthful and give a true and fair view of the assets, liabilities, financial condition, profit or loss, and cash flows of the group of companies. In addition to preparing six-month interim information, a six-month interim report and the confirmation of the persons in charge must be drafted stating that, to the best of their knowledge, the consolidated 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 supervisory institution upon the end of a relevant accounting period, but in any case not later than within two months from the end of that period. In the event an audit of interim financial statements and/or interim consolidated financial statements has been conducted, the interim information shall be made public and submitted to the supervisory institution together with the auditor's report.
4. The accounting of issuers established in the Republic of Lithuania whose securities have been admitted to trading on a regulated market in one or several Member States must be managed in observance of the international accounting standards, interim financial statements and interim consolidated financial statements must be prepared in observance of the international accounting standards applicable to interim financial statements and interim consolidated financial statements, as well as other legal acts. The accounting of issuers established in the Republic of Lithuania whose securities have not been admitted to trading on a regulated market in one or several Member States must be managed, and interim financial statements and interim consolidated financial statements must be drawn up in observance of the accounting requirements and the requirements for drawing up financial statements stipulated by the legal acts of the Republic of Lithuania. The interim financial statements and interim consolidated financial statements of issuers established in Member States must be drawn up in observance of the requirements of the national legal acts of the Member State where the issuer has been established. The interim financial statements and interim consolidated financial statements of issuers established in non-Member States must be drawn up in observance of the international accounting

standards or the universally accepted accounting principles. In the event that interim financial statements and interim consolidated financial statements have been drawn up not in observance of the international accounting standards, interim financial statements and interim consolidated financial statements must comprise at least an abbreviated balance sheet, an abbreviated profit and loss account, and an explanatory note.

5. The supervisory institution shall have a right to elaborate on the requirements established in this Law and in other legal acts applicable to the interim and consolidated interim statements of the issuer, define the minimal contents of financial statements and interim consolidated financial statements prepared in observance of not the international accounting standards, other requirements, revise the procedure for making public and for the submission to the supervisory institution of the information referred to in this Article.

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

1. A person who has acquired 5, 10, 15, 20, 25, 30, 50, 75 and 95 per cent of votes at the general meeting of shareholders of an issuer must, not later than within four trading days, inform the supervisory institution 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 Article 23(1) of this Law shall arise on the day when the person finds out about the acquisition or disposal of a fixed amount of votes or, depending on circumstances, is supposed to learn about it.
3. The obligation referred to in Article 23(1) of this Law shall be binding upon 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 Article 23(1) of this Law shall not be binding upon a company belonging to a group of companies obliged to draw up annual consolidated financial statements, if a respective notification is submitted by its parent undertaking, or by the ultimate parent undertaking of the latter.
5. The obligation provided for in Article 23(1) of this Law 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 three trading days from the conclusion of a transaction.

6. The obligation provided for in Article 23(1) of this Law shall not be binding upon account managers registered in Member States and third countries who, acting as account managers, in the general meeting of shareholders have a right to vote in respect of the votes attached to shares only following the instructions of the customers submitted in writing or by electronic means.
7. The obligation provided for in Article 23(1) of this Law shall not be binding upon a 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 acquired or disposed of 5 per cent of votes or the votes above such threshold, and due to such acquisition or maintaining of the price does not affect the issuer. The market maker shall within four trading days notify the competent authority of the use of such exemption.
8. The issuer shall, within three trading days from the receipt of the notification specified in Article 23(1) of this Law, communicate to the public in the manner stipulated in Article 28 of the Law the information provided in the notification and upload such information into the Central Storage Facility.
9. A person who fails to fulfil the obligation specified in Article 23(1) of this Law within an established period of time shall not, for the period until the proper disclosure of the data concerned, have the right to hold at the issuer's general meetings of shareholders more votes than the last threshold of which he has duly notified. Moreover, all decisions adopted during the period between the acquisition of the holding and the moment of a proper disclosure of the information may be annulled by a decision of the court, if the decisions had resulted in a replacement of the issuer's managers or property or non-property rights of shareholders have been violated.
10. The supervisory institution shall have a right to adopt legal acts specifying the obligations of the issuer and other persons as well as the contents and the procedure of the submission of the notification referred to in Article 23(1) of this Law.

Article 24. Procedure for the Calculation of Votes Held by a Person

1. For the purpose of this Law, votes held by a person shall be deemed the rights to vote that:
 - 1) are granted to a person by shares held thereby by the right of ownership (except where they are pledged as a security and the pledge agreement provides for the voting rights transfer to the security holder);

- 2) are held by another person with whom that person has concluded a voting agreement concerning the implementation of the corporate management policy;
 - 3) are held by another person with whom he had concluded a provisional agreement on the transfer of the 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 determined period of time that may not be longer than the duration of the person's lifespan;
 - 6) are according to points (1) to (5) of Article 24(6) of this Law 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 at his own discretion;
 - 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 an authorisation or under other agency basis;
 - 10) are granted by the shares held by the spouse of the person except cases when the 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 supervisory institution, having considered evidence submitted by the manager of the 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 usage of such rights has been suspended.
 4. Article 24(1)(4) and Article 23 of this Law shall not apply to members of the Central European Bank system performing monetary functions, also effecting pledge, repurchase or other equivalent liquidity transactions within the payment system or for the monetary policy purposes. This exclusion shall apply to short-term transactions provided the rights attaching to the shares are not exercised.
 5. The voting rights of a 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 under 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 company 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 company 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 held by the financial brokerage firm and attaching to the shares managed on behalf of the clients in accordance with the Law on Markets in Financial Instruments, where:
 - 1) the financial brokerage firm has a right to provide the financial instrument portfolio management service provided for in Article 3(13)(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 Article 24(6) of this Law shall not apply where the parent company or another company controlled by the parent company has invested into the holding of the financial brokerage firm, and the financial brokerage firm has no discretion to exercise the voting rights attached to such holding, and may only exercise such voting rights under direct or indirect instructions from the parent company or another company controlled by the parent company.

Article 25. Obligation of the Issuer to Notify an Acquisition or Disposal of Own Shares and 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 per cent of own shares shall not later than within four trading days announce in the manner described in Article 28 of this Law and post into the Central Storage Facility, and notify the supervisory institution 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. The relative

number of shares shall be calculated having regard to the total number of shares to which the voting rights attach.

2. In order to be able to calculate the limits established in accordance with Article 23(1) of this Law the issuer shall without delay and in any case not later than within three working days, in the manner stipulated in Article 28 of this Law, publish and post in the Central Storage Facility, inform the supervisory institution and publish on its website the total voting rights granted by the shares issued thereby and the amount of the authorised capital, number of shares and the denomination thereof.
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 supervisory institution of all changes in the rights attached to all types of shares and 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 supervisory institution of all changes in the rights attached to securities issued by the issuer, resulting from the change in the non-equity securities issue terms 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 supervisory institution the information of each new issue of non-equity securities, and in particular of any guarantee or security in respect thereof. This obligation shall not be binding upon public international bodies of which at least one Member State is member.
6. The issuer shall be obligated to notify in writing the supervisory institution of any intended changes in the incorporation documents and the Articles of Association of the issuer not later than on the day when the shareholders of the issuer are provided with a possibility to familiarise themselves with the draft changes. 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 supervisory institution.
7. The supervisory institution shall have a right to pass legal acts working out in detail the obligations of the issuer stipulated in this Article and the procedure of the submission of the information specified in this Article to the supervisory institution.

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

1. The issuer must ensure equal treatment of all holders of equivalent securities issued thereby in respect of all the rights attached to the securities.
2. The issuer shall ensure that all the facilities and information necessary to enable the holders of the securities to exercise their rights are available. Shareholders shall not be prevented from exercising their rights through other persons authorised in accordance with the legal acts of the Member State of the issuer.
3. The issuer shall:
 - 1) provide the information on the place, time and agenda of meetings of the holders of securities, the total number of securities and voting rights and the rights of the holders of securities to participate in the 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 meeting of holders of securities, 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 holders of securities issued by the issuer may exercise their financial rights;
 - 4) publish notices or distribute circulars concerning the allocation and payment of dividends, payment of interest, redemption of debt, and the issue of new securities, allotment, subscription, cancellation or conversion of securities.
4. If only holders of non-equity securities the denomination per unit of which amounts to at least EUR 100 000 are invited to the meeting of holders of securities, the issuer may choose as venue of the meeting any Member State provided that all the facilities and information necessary to enable such holders of non-equity securities to exercise their rights are made available in that Member State. This choice shall also apply with regard to holders of non-equity securities the denomination per unit of which amounts to at least EUR 50 000 which have already been admitted to trading on a regulated market in the Union before 31 December 2010.
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 at a meeting of holders of securities;
 - 2) the use of electronic means does not depend upon the location of the registered office or place of residence of the securities holder or of a proxy representing that

holder, or of the natural or legal persons referred to in points (2) to (10) of Article 24(1) of this Law;

- 3) identification arrangements have been implemented 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 referred to in points (2) to (6) of Article 24(1) of this Law have confirmed in writing their consent to be submitted the information by electronic means. These persons shall have a right at any time to request that the information is communicated to them in writing;
- 5) any apportionment of the costs entailed in the conveyance of information by electronic means has been determined by the issuer in compliance with the principle of equal treatment laid down in Article 26(1) of this Law.

Article 27. Language of the Regulated Information

1. Where securities are admitted to trading on a regulated market only in the Republic of Lithuania which is the home Member State of the issuer, the regulated information shall be published in the Lithuanian and English languages. Publishing the regulated information only in the English language may be chosen by:
 - 1) issuers established in a non-Member State whose securities are admitted to trading on a regulated market only in the Republic of Lithuania and whose home Member State is the Republic of Lithuania;
 - 2) issuers established in a Member State whose securities are admitted to trading on a regulated market only in the Republic of Lithuania and whose home Member State is not the Republic of Lithuania.
2. Where the securities are publicly offered in the Republic of Lithuania only, the regulated information shall be published in the Lithuanian language.
3. Where securities are publicly offered or admitted to trading on a regulated market in the Republic of Lithuania, which is the home Member State of the issuer, and in one or several other Member States, the regulated information must be published in the Lithuanian and English languages and in a language at the choice of the issuer acceptable to the competent authorities of the host Member States or in the English language. Where securities are publicly offered or admitted to trading on a regulated market in the Republic of Lithuania, which is not the home Member State of the issuer, and in one or

several other Member States, the regulated information must be published in the Lithuanian or English languages and in a language at the choice of the issuer acceptable to the competent authorities of the other host Member States or in the English language as well as in a language acceptable to the competent authority of the home Member State, where securities are publicly offered or admitted to trading on a regulated market in the home Member State of the issuer.

4. Where securities are publicly offered or admitted to trading on a regulated market in one or several Member States, except in the Republic of Lithuania, which is the home Member State of the issuer, the regulated information must be published in a language at the choice of the issuer acceptable to the competent authorities of the host Member States or in the English language.
5. Where securities are admitted to trading on a regulated market without the issuer's consent, the obligations under Article 27(1) to (4) of this Law shall be incumbent upon the person who, without the issuer's consent, has requested such admission and the securities have been admitted to trading on a regulated market.
6. Shareholders of the issuer and the persons referred to in Articles 23 and 24 of this Law shall have a right to publish the regulated information only in the English language.
7. Where securities the denomination per unit of which amounts to at least EUR 100 000 are admitted to trading in a regulated market in one or several Member States, at 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 published in the language acceptable to the competent authorities of the home Member State and to the competent authorities of the host Member States, or the English language. This provision shall also apply with regard to non-equity securities the denomination per unit of which amounts to at least EUR 50 000 and which have already been admitted to trading on a regulated market in one or several Member States before 31 December 2010.

Article 28. Publishing and Storage of the 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 supervisory institution, publish 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, must publish the regulated information in the Republic of Lithuania and all the 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 publish 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 regulated information themselves or through an information vendor or the operator of the regulated market.
4. The supervisory institution shall also have a right to establish other requirements for publishing the regulated information and submitting it to the supervisory institution.
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 the same in the Central Storage Facility where the information must be stored for a period of at least two years. The regulated information provided for in Article 20(1) of this Law must be stored in the Central Storage Facility for a period of at least five years.
6. The operator of the regulated market shall ensure that the 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 to the information stored therein. For that purpose the operator of the regulated market shall establish and approve with the supervisory institution a detailed procedure of the submission, storage and use of information and ensures full compliance with such procedure. The supervision of the publishing and storage of information shall be performed by the supervisory institution.

SECTION IV

TAKEOVER BID

Article 29. The Scope of Coverage of a Takeover Bid

1. The requirements established in this Section shall apply to takeover bids in respect of equity securities issued by an issuer established in the Republic of Lithuania. In respect of the takeover bid regarding the securities issued by an issuer of equity securities established outside the Republic of Lithuania the requirements of this Section shall apply

having regard to the provisions of Article 40 of this Law, provided the supervisory authority under Article 39 of this Law is the supervisory institution.

2. The requirements established in this Section shall not apply to takeover bids in respect of the following securities:
 - 1) securities issued by collective investment undertakings;
 - 2) securities of central banks of Member States.
3. Where the provisions of this Section are applied to a voluntary and a 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 securities of the same type of an offeree company must be subject to uniform conditions of the takeover bid; where a person acquires control of the company, other holders of the securities of that company must be protected;
- 2) the takeover bid must be announced without violating the transparency and integrity of the securities market of the offeror of the offeree company or 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 reach a competent decision regarding the takeover bid; where they advise the holders 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) artificial 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 effect 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 to acquire its securities due to the takeover bid.

**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 1/3 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 shares granting the voting rights of the offeree company and the securities confirming the right to acquire securities granting the voting rights.
2. The duty established in Article 31(1) of this Law shall also apply to a person who has acquired control over a person holding shares of an offeree company that entitle him to more than 1/3 of votes at the general meeting of shareholders.
3. 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 1/3 of votes at the general meeting of shareholders of the company in respect of whose shares a takeover bid is to be submitted, shall without delay and in any case not later than within four trading days announce in the source specified in the Articles of Association of the offeree company about the exceeding of the established 1/3 threshold and of its intention to submit the takeover bid or transfer the securities exceeding the threshold, also accordingly notify the supervisory institution, the operator of the regulated market 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 the cases where in accordance with Article 31(1)(1) of this Law the mandatory takeover bid is not submitted.
4. The duty established in Article 31(2) of this Law 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.
5. The offeror shall within 20 days from the public announcement about its intention to submit a mandatory takeover bid referred to in Article 31(2) of this Law furnish to the

supervisory institution the circular. Circulars shall be approved by the supervisory institution.

6. Upon exceeding the threshold referred to in Article 31(1) of this Law a person acting independently or in concert with other persons shall be devoid of all the votes at the general meeting of shareholders of the company in respect of whose shares the takeover bid is submitted. Voting rights shall be regained on the day when:

- 1) the supervisory institution approves the circular of a mandatory takeover bid or;
- 2) the shares exceeding the threshold of the 1/3 of the votes 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 Article 31(3) of this Law, or for some other reasons the holding is reduced to the threshold below 1/3 of the votes.

7. A person who has decided to submit a voluntary takeover bid must without delay announce in the source specified in the Articles of Association of the offeree company, notify the Supervisory institution, the operator of the regulated market and the offeree company thereof, and within 20 days of the announcement submit to the supervisory institution a circular.

Article 32. Cases when a 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 individually;
 - 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 (companies) 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 was reorganised by way of division 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 takeover bid, although it exceeded the threshold of the votes giving rise to the obligation to submit a takeover bid, and the securities held thereby are transferred to the companies incorporated following the division of the company;

- 4) the threshold is exceeded in accordance with the Law of the Republic of Lithuania on Restructuring of Enterprises 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 point 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 for the price established in accordance with the requirements of Article 34 of this Law acquires more than 1/3 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 vote threshold by acquiring the shares in respect of which it had issued the international depository receipts.

Article 33. Implementation of a Takeover Bid

1. The execution of the takeover bid shall commence on the fourth working day from the decision of the supervisory institution to approve the circular. The term of the execution of the takeover bid may not be shorter than 14 days and not exceed 70 days.
2. Takeover bids shall be executed through the regulate market.
3. All holders of securities of the offeree company, employees of the offeree company and the offeror or their representatives shall be ensured equal possibilities to readily and promptly access information about the takeover bid.
4. Where the supervisory institution has reasons to suspect that the requirements of this Law and the resolutions of the supervisory institution 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 supervisory institution shall have a right to suspend the implementation of the takeover bid and set a time limit for the infringements to be eliminated and other actions performed. Where the infringements are not eliminated or other instructions of the supervisory institution are not being complied with the supervisory institution shall have a right to cancel the approval of the circular.

5. The supervisory institution shall establish the procedure of 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 or the takeover bid voided.
6. The supervisory institution shall establish the procedure of the submission, implementation, and 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 or the takeover bid voided.
7. In the case of a mandatory takeover bid, persons acting in concert shall be jointly liable for the fulfilment of the obligation to submit and implement the mandatory takeover bid. The number of securities acquired by every person acting in concert (when a mandatory takeover bid must be submitted by persons acting in concert) shall be proportionate to the number of votes held by these persons at the general meeting of shareholders of the offeree company at the moment of the subscription of the circular, unless the agreement concluded by persons acting in concert provides differently.

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

1. The price of a mandatory takeover bid shall be fair. The price shall be established in accordance with the following principles:
 - 1) the price of a mandatory takeover bid shall be not lower 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 lower than the average weighted price on a regulated market and the multilateral trading facility in six months prior to the date of exceeding the established threshold when the securities concerned are traded on a regulated market and the multilateral trading facility. When the securities of the offeree company are traded not only on a regulated market in the Republic of Lithuania but also in other regulated or equivalent third country's markets the average weighted price shall be established in the regulated market where a turnover of securities acquired by the offeror in six months prior to the date of exceeding the threshold established in Article 31(1) of this Law was highest. The supervisory institution shall lay

down the detailed procedure for the calculation of a weighted average market price;

- 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 may not be established and the securities concerned have not been traded neither on a regulated market nor on the multilateral trading facility, 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 by not less than two viewpoints. The asset valuator selected by the offeror shall be approved by the supervisory institution. The supervisory institution shall have a right not to approve an asset valuator where he is related to the offeror or other persons having pecuniary interests in the securities of an offeree company.
2. The supervisory institution shall have a right to require such price be adjusted in the following cases:
- 1) where the price of a mandatory takeover bid has been established by an agreement between the buyer and the seller;
 - 2) in cases of abuse of the price of the securities that are the subject of the mandatory takeover bid;
 - 3) where the market prices of the securities have been affected by exceptional unforeseen occurrences;
 - 4) where a mandatory takeover bid is submitted after a significant period of time following the day of exceeding the threshold of votes specified in Article 31(1) of this Law;
 - 5) where due to other significant circumstances there is reasonable suspicion that the offered price is unfair.
3. The supervisory institution shall have a right to allow adjusting the price of the mandatory takeover bid in order to enable a company incurring financial losses to be rescued.
4. Any decision of the supervisory institution to adjust the price of a takeover bid or to require such price to be adjusted must be substantiated and made public. When adjusting the price or requiring such price to be adjusted the supervisory institution may take into consideration the following criteria:
- 1) the weighted average price of the securities on the regulated market and the multilateral trading facility 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 a financial analysis.
5. Where a person in the period from the date of the exceeding the threshold of the votes specified in Article 31(1) of this Law until the end of the validity of the takeover 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 must be accordingly increased.
 6. 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 takeover bid price, the offeror must pay the difference in the price to persons who have responded to the mandatory takeover bid.
 7. A shareholder of the offeree company shall have a right to appeal to court concerning the safeguarding of the compliance of the price established in the manner specified in this Article to the requirements of justice. In this case Articles 2.118, 2.119 and 2.127-2.130 of the Civil Code shall apply *mutatis mutandis*.
 8. The requirements of this Article concerning the establishment of the price of the mandatory bid shall *mutatis mutandis* apply to the securities of the offeree company incorporated in the Republic of Lithuania that are not traded on a regulated market and the multilateral trading facility.

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 of the offeror must immediately notify the representatives of their employees, and in the absence of such representatives—the employees of their intention to submit the takeover bid, and upon the submission of the takeover bid—of the submission of the takeover bid. The management bodies of the offeree company and of the offeror must 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 has been made public.
2. The offeror must submit the circular to the offeree company. Within 10 days from the date of the publication of the circular approved by the supervisory institution the management bodies of the offeree company must, through the mass media indicated in the circular and the website of the offeree company, communicate its reasoned opinion

concerning the takeover bid, in particular the possible effects of the implementation of the takeover bid on all company's interests, conditions of employment, number of employees as well as concerning the offeror's strategic plans in respect of the offeree company and their effect on the number of employees and their job positions.

3. The management bodies of the offeree company must communicate their opinion on the takeover bid to the representatives of its employees, and in the absence of such representatives—to the employees themselves. In the event the management bodies of the offeree company receive in advance the employees' opinion on the effect of the takeover bid upon the number of the employees, such an opinion shall be, in connection to the opinion of the management bodies of the offeree company, published on the internet website of the offeree company.
4. The management bodies or the supervisory bodies of the offeree company shall be prohibited from performing any 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 35(4) of this Law 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 body or the supervisory body of the offeree company must 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 to acquire over 1/3 of votes in the general meeting of shareholders of the offeree company.
6. The prior authorisation by the general meeting of shareholders referred to in Article 35(5) of this Law shall be obtained in respect of the actions of the management or supervisory bodies performed in the period from the public announcement indicated in Article 31(3) of this Law of the exceeding of the 1/3 votes threshold or the public announcement referred to in 31(7) of this Law on the intention to submit a voluntary takeover bid until the end of the validity of the takeover bid.
7. In the event the decisions of the management or supervisory bodies of the offeree company passed prior to the period established Article 35(6) of this Law are not yet partly or fully implemented, the general meeting of shareholders must approve or confirm any decision which does not form part of the normal course of the company's business and the implementation whereof may result in the frustration of the takeover bid.

8. In the case referred to in Article 35(5) of this Law the notice on the convening of the general meeting of shareholders shall be published in the source indicated in the Articles of Association 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 a Takeover 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 holders of securities 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 holders of securities of the company shall not apply at the general meeting of shareholders which decides on any issue referred to in Article 35(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 per cent or more of the voting rights, neither restrictions on the transfer of securities or on voting rights indicated in Article 36(1) and (2) of this Law, nor 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 meeting 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 Board members.
6. In the case referred to in Article 35(5) of this Law the offeror shall have a right to convene the general meeting of shareholders and shall make a public announcement to that effect in the source 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 Article 36(1) to (5) of this Law. The

takeover bid offeror must define the compensation procedure in the circular. Article 36(2) to (5) of this Law shall not be applied to securities whose restriction of voting rights is compensated by special property privileges. Disputes regarding compensations shall be settled by court procedures.

Article 37. Mandatory Sale and Purchase of Shares

1. A holder of equity securities of an issuer, when 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 Article 37(6) of this Law, unless the agreement concluded by persons acting in concert provides differently.
3. A mandatory selling or buy-up of shares may be initiated within three months from the implementation of the mandatory takeover bid or voluntary takeover bid to acquire the remaining voting shares.
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 per cent of votes in the general meeting of shareholders of the issuer, the fair 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, 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 price of the shares being purchased.
5. Where the price at which the securities are offered to be bought-up is established in accordance with Article 37(4)(2) to (3) of this Law, the price shall be duly substantiated and approved in advance by the supervisory institution. The supervisory institution shall have the right to require on a motivated basis a change of the price. The notification provided for in Article 37(6) of this Law shall be submitted to the issuer not later than within 30 days from the date of the final establishment of the price.
6. A shareholder acting independently or in concert with other persons and seeking to buy-up all the shares of the issuer must 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 and acting independently or in concert with other persons (name, last name, place of residence of the natural person, name and registered office of the legal person);
 - 2) number of shares of the shareholder buying-up the shares and acting independently or in concert, by classes and votes granted thereby;
 - 3) the requirement of the shareholder buying-up the shares and 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) share buy-up procedure.
7. Attached to the notification to the issuer specified in Article 37(6) of this Law shall be the documents used as a basis to establish the price of shares:
 - 1) in the cases specified in Article 37(4)(1) to (2) of this Law—the circular and the report on the execution of the takeover bid;

- 2) in the cases specified in Article 37(4)(3) of this Law—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.
8. Upon receipt of the notification of the shareholder buying-up the shares and acting independently or in concert with other persons, the issuer shall not later than within 5 days notify, by recommended mail, each shareholder, the supervisory institution and the operator of the regulated market of the purchase of the shares and publish an appropriate notice in the source specified in the issuer's Articles of Association. The notice on the buy-up of the shares shall indicate:
 - 1) name, registered office and the code of the issuer;
 - 2) the information notified to the issuer in accordance with in Article 37(6) of this Law;
 - 3) information specifying the source 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 Article 37(9) of this Law 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 Article 37(8) of this Law.
 9. Within 90 days from the date of the announcement of the notice indicated in Article 37(8) of this Law in the source specified in the issuer's Articles of Association 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 or in concert with other persons, or contest the price proposed for the shares in the manner stipulated in Article 37(13) of this Law.
 10. Where within the term indicated in 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 Article 37(9) of this Law, 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 account managers are obligated to

make the appropriate entries. The civil cases referred to in this paragraph shall be examined in the procedure established in respect of the cases concerning the establishment of facts having a legal relevance.

11. 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 Article 37(9) of this Law, it shall be deemed that the shareholder's right to obligatorily purchase the shares has expired and the shareholder loses his right to require in future that the shares be sold to him in the manner provided for in this Article.
12. The settlement for the shares being bought-up shall be made only in cash.
13. Within the time limit established in Article 37(9) of this Law each shareholder shall have a right to appeal to the regional Court of the registered office of the offeree company requiring to establish the fair 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 may suspend the procedure of the mandatory buy-up of shares until the date its ruling 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.
14. A holder of equity securities of an issuer shall have a right to require that a shareholder, who, when acting independently or in concert with other persons, has acquired the shares comprising not less than 95 per cent of the capital carrying the voting rights and not less than 95 per cent of the total votes at the general meeting of shareholders of the issuer, would buy the shares belonging to him and granting the voting rights, while the said shareholder shall be obligated to purchase the shares in the manner established by the present Law.
15. In the cases where some shareholder requires that a shareholder who, when acting independently or in concert with other persons, has acquired the shares comprising not less than 95 per cent of the capital carrying the voting rights and not less than 95 per cent of the total votes at the general meeting of shareholders of the issuer, would buy the shares belonging to him, the provisions of Article 37(2) to (10), 12 and 13 of this Law shall apply *mutatis mutandis*.

16. If the shareholder fails to fulfil the obligation to purchase the shares on a mandatory basis and does not impugn the share price within the time limit indicated in Article 37(9) of this Law, it must pay 10 per cent annual rates from the amount the payment term of which has been missed.

**Article 38. Delisting of Securities from the Trading on
a Regulated Market operating in the Republic of Lithuania**

1. The decision to delist shares of the issuer from the trading on a regulated market operating in the Republic of Lithuania shall be passed by the general meeting of shareholders by the majority of $\frac{3}{4}$ of all votes attaching to shares of the shareholders attending the meeting. Following the decision to delist the shares from the trading of the regulated market operating in the Republic of Lithuania, a takeover bid shall be submitted and implemented to buy-up the shares admitted to the regulated market operating in the Republic of Lithuania.
2. In the cases where the decision to delist the shares from the trading on a regulated market operating in the Republic of Lithuania is passed otherwise than on the initiative of the issuer, the obligation to submit a takeover bid shall not apply. The operator of a regulated market shall be entitled to delist the shares from the trading on a regulated market operating in the Republic of Lithuania where the further presence of the concerned issuer's shares in the trading of the regulated market operating in the Republic of Lithuania constitutes a threat to the interests of the investors and proper functioning of the securities market.
3. The takeover bid referred to in Article 38(1) of this Law shall be subject to the provisions of legal acts governing the mandatory takeover bid, unless this Article stipulates differently. The takeover bid aimed to delist shares from the trading on a regulated market operating in the Republic of Lithuania must be submitted by the shareholders who have voted in favour of the decision to delist the shares from the trading on a regulated market operating in the Republic of Lithuania. One or several shareholders shall have a right to discharge this duty on behalf of other shareholders. In the course of this takeover bid the shares may be sold by those shareholders who voted against the decision to delist the shares from the trading on a regulated market operating in the Republic of Lithuania or who have abstained from voting in this respect.
4. The price of the takeover bid aimed to delist shares from the trading on a regulated market operating in the Republic of Lithuania shall be not lower than the weighted

average market price of the shares on a regulated market or the multilateral trading facility in the course of six months preceding the public announcement on the intention to delist the shares from the trading of a regulated market operating in the Republic of Lithuania. Where a shareholder of the issuer, acting independently or in concert with other persons submitted and implemented a mandatory takeover bid not earlier than three months prior to the decision of the general meeting of shareholders to delist the issuer's shares from the trading on a regulated market operating in the Republic of Lithuania, the price shall be fixed equal to the price paid for the shares acquired this way.

5. The management body of the issuer must, not later than 21 days prior to the general meeting of shareholders intending to discuss the issue of delisting the shares from the trading on a regulated market operating in the Republic of Lithuania, draw up and publicly announce the notice on the intention to delist the shares from the trading on a regulated market operating in the Republic of Lithuania. The said notice shall specify:
 - 1) the information on the anticipated announcement of the mandatory takeover bid;
 - 2) reasons for delisting the shares from the trading on a regulated market operating in the Republic of Lithuania;
 - 3) measures undertaken by the management bodies of the issuer to protect the rights and interests of the shareholders;
 - 4) anticipated changes in the composition and operations of the issuer's management bodies;
 - 5) the preliminary price offered for the shares and the method of the establishment thereof.
6. The issuer must submit the notice referred to in Article 38(5) of this Law to the supervisory institution and the operator of the regulated market of the Republic of Lithuania and publish in the source indicated in the Articles of Association of the issuer in which notices are made public.

Article 39. Competence of the Supervisory Institution

1. The supervisory institution shall supervise the compliance with the provisions of this Section where:
 - 1) the takeover bid is submitted in respect of the securities of a company whose registered office is in the Republic of Lithuania that have been admitted to trading on a regulated market operating in the Republic of Lithuania;

- 2) the takeover bid is submitted in respect of the securities of a company whose registered office is in the Republic of Lithuania that have not been admitted to trading on a regulated market operating in the Republic of Lithuania or of a Member State;
 - 3) the takeover bid is submitted in respect of the securities of a company whose registered office is in another Member State that have been admitted to trading on a regulated market operating in the Republic of Lithuania;
 - 4) the takeover bid is submitted in respect of the securities of a company admitted to trading on regulated markets of more than one Member State, but the first authorisation to admit the securities concerned to trading on a regulated market was issued in the Republic of Lithuania;
 - 5) the takeover bid is submitted in respect of the securities of a company simultaneously admitted to trading on regulated markets of more than one Member State and the company has, on the first day of trading, decides to delegate the supervision of the procedure of the takeover bid to the supervisory institution.
2. The company must announce of its decisions passed in the cases referred to in Article 39(1)(5) of this Law in the source indicated in the Articles of Association. On the first trading day the company must notify of its decision passed in the cases referred to in Article 39(1)(5) of this Law to the supervisory institution, the operator of the regulated market as well as competent authorities and operators of the regulated markets of other Member States.
 3. The supervisory institution shall cooperate with the competent authorities of other Member States and shall have a right to communicate to them all required information, in particular the information necessary for the implementation of the provisions of points (3) to (5) of Article 39(1) of this Law.

Article 40. Applicable Law

1. In the cases referred to in points (3) to (5) of Article 39(1) of this Law concerning the price of the takeover bid, method of settlement, procedure of announcement, decisions of the offeror to submit a takeover bid, 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, 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 to frustrate the takeover bid, the applicable laws shall be 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 V

LAW COMPLIANCE SUPERVISION AND RESPONSIBILITY FOR LAW VIOLATIONS

Article 41. Supervisory Institution

1. The drawing up, approval and publication of the prospectus, the publication of the periodic and current information, execution of takeover bids shall be regulated and supervised by the supervisory institution.
2. The supervisory institution shall perform the functions indicated in Article 41(1) of this Law according to this Law and the Law on Markets in Financial Instruments. The supervisory institution shall have rights and duties established in this Law and other laws.
3. Actions and omission of the supervisory institution shall be reported in compliance with the procedure established in the Law of the Republic of Lithuania on Legal Proceedings of Administrative Cases.

Article 42. Functions, Rights and Duties of the Supervisory Institution

1. The supervisory institution shall:
 - 1) draft, approve, amend and repeal legal acts assigned to its competence;
 - 2) draft, approve, amend and repeal contents of prospectuses, annual and interim information for issuers of securities, also prescribe the procedure for the submission and publication of these documents;
 - 3) approve prospectuses of securities;
 - 4) approve circulars of takeover bids;
 - 5) check whether when implementing requirements of this Law issuers' accounting is managed and financial statements and/or consolidated financial

statements are drawn according to requirements for the preparation of accounting and financial statements;

- 6) monitor, inspect and otherwise supervise whether the compliance of persons with the requirements established in this Law and in resolutions adopted by the supervisory institution on the basis of this Law, as well as with instructions or obligations given by the supervisory institution is appropriate;
 - 7) apply sanctions provided for in this and other Republic of Lithuania laws to persons that have violated this Law and resolutions of the supervisory institution;
 - 8) cooperate with the competent bodies of Member States and supervisory bodies of third countries and exchange with them information necessary for the performance of supervisory functions;
 - 9) according to Regulation (EU) No 1095/2010 cooperate with the European Securities and Market Authority and provide without any delay all information necessary for the implementation of its tasks;
 - 10) 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 supervisory institution 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 publishing such information the supervisory institution 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 issuer to submit information necessary for the performance of the functions by the supervisory institution;
 - 4) obligate to amend and correct the submitted inaccurate and misleading information, issue other instructions and obligations;
 - 5) on the basis of a motivated decision, obligate the takeover bid offeror to choose another asset valuator to determine the takeover bid or mandatory purchase and sale price, if there is reasonable suspicion that the takeover bid or mandatory purchase and sale price fixed by the valuator is not right;
 - 6) suspend for up to 10 working days the public offering of securities or admission to trading on a regulated market, if there is reasonable suspicion that this is done

disregarding requirements of legal acts or terms and conditions provided for in the prospectus;

- 7) require to suspend or terminate the trading in specific securities on a regulated market and the multilateral trading facility;
 - 8) perform investigations and on-site checks;
 - 9) obtain, free of charge, documents, copies thereof, other data and information from persons being inspected as well as obtain, free of charge, documents and data or copies thereof related to a person being inspected from other undertakings, public authorities, registers and other institutions performing similar functions;
 - 10) transfer the information collected during the investigation process and all other information to law-enforcement bodies;
 - 11) 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;
 - 12) conclude agreements with supervisory institutions of third countries on cooperation and exchange of information;
 - 13) on the basis of a motivated decision make a request for the European Commission to adopt an equivalence decision on the legal and supervisory framework of a third country.
3. The supervisory institution must prepare and submit to the European Commission 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 supervisory institution as provided in Article 42(2)(3) of this Law 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.
 5. The supervisory institution shall notify the European Securities and Market Authority about agreements concluded according to Article 42(2)(12) of this Law.
 6. In the request for the European Commission as provided in Article 42(2)(13) of this Law the supervisory institution shall submit the information justifying its opinion on the compliance of the legal and supervisory framework of the market of the third country concerned with at least the following conditions for recognition of a legal and supervisory framework as equivalent:
 - 1) market is subject to authorisation;

2) market is subject to and to effective supervision and enforcement on an on-going basis;

3) the market has clear and transparent rules regarding admission of securities to trading so that such securities are capable of being traded in a fair, orderly and efficient manner, and are freely negotiable;

4) security issuers are subject to periodic and on-going information requirements ensuring a high level of investor protection; market transparency and integrity are ensured by the prevention of market abuse in the form of insider dealing and market manipulation.

Article 43. Duty of Supervisory Institution's Board Members and Employees to Safekeep Confidential Information

1. The Board members and employees of the supervisory institution shall, in the manner prescribed in Article 73 of the Law on Markets in Financial Instruments, secure the confidential information they have become aware of in the course of executing their professional duties at the supervisory institution. Comprehensive contents of confidential information shall be defined by the supervisory institution.
2. The right of the supervisory institution to communicate the confidential information in accordance with the procedure laid down in Articles 76, 77 and 78 of the Law on Markets in Financial Instruments shall also be extended upon the information obtained by the supervisory institution in the course of the performance of the functions prescribed by this Law.
3. Provisions of Article 43(1) of this Law do not hinder the supervisory institution to transfer confidential information to the European Securities and Market Authority or European Systemic Risk Board, with regard to restrictions associated with the information of a particular enterprise and impact on the third parties as set respectively in Regulation (EU) No 1095/2010 and Regulation (EU) No. 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board.

**Article 44. Precautionary Measures Available to the Supervisory Institution
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 supervisory institution shall accordingly notify the competent authority of the home Member State of the issuer and the European Securities and Market Authority.

2. If, despite the measures taken by the competent authority of the home Member State, or because such measures prove inadequate, persons referred to in Article 44(1) of this Law persist in infringing the relevant legal or regulatory provisions and infringe the interests of the investors of the Republic of Lithuania, the supervisory institution shall, after informing the competent authority of the home Member State of the issuer, have the right to take all the appropriate measures in order to protect investors. The supervisory institution shall immediately notify the European Commission and the European Securities and Markets Authority of the measures that have been undertaken.

Article 45. Right of the Supervisory Institution to Perform Inspections

1. With a view to determining the compliance with requirements of this Law and the legal acts passed on the basis thereof and related thereto the supervisory institution shall have a right to organise and perform inspections.
2. When performing inspections employees of the supervisory institution shall enjoy the rights set in Article 81(2) of the Law on Markets in Financial Instruments. For the implementation of these rights the supervisory institution may invite police officers.

Article 46. Responsibility for Violation of this Law

1. The supervisory institution may apply to persons that violated this Law or resolutions adopted on the grounds of this Law by the supervisory institution and/or to persons that

failed to implement instructions or liabilities given by the supervisory institution the following measures of enforcement:

- 1) to warn about shortcomings and violations in activities and set the time limits for removing them;
 - 2) to impose administrative penalties or fines established by this Law.
2. Decision on the application of enforcement measures may be passed in the event that not more than two years have passed from the date of the violation and in the case of a continuous or long-term (lasting) violation—from the day the last continuous violation actions were committed or the day the long-term (lasting) violation was cleared up.

Article 47. Fines for Violation of this Law

The supervisory institution shall have the right, in accordance with the procedure laid down in Article 94 of the Law on Markets in Financial Instruments, to impose the following fines:

- 1) upon persons organising or implementing public offering of securities or trading on a regulated market if a prospectus was not approved and/or announced before these actions or public offering or trading on a regulated market are prohibited or suspended — up to the amount of the total denomination of securities offered publicly or admitted to trading on a regulated market;
- 2) upon persons responsible for the correctness and comprehensiveness of information indicated in the prospectus, who provided incomplete or misleading information, thus not complying with the requirements provided for in Article 6 of this Law — up to LTL 100 000;
- 3) upon persons failing to fulfil the requirement provided for in Article 18 of this Law—up to LTL 200 000;
- 4) upon persons failing to fulfil the requirement provided for in Article 31 of this Law to provide a mandatory takeover bid to purchase remaining voting shares of the company—up to LTL 500 000; upon persons failing to fulfil other requirements provided for in this Article — up to LTL 100 000;
- 5) upon persons who required according to the procedure laid down in Article 37 of this Law that all other shareholders of the issuer sell their shares but failed to make settlements with them or who do not fulfil the obligation to buy out shares from any shareholder upon his request — up to LTL 100 000;

- 6) upon persons failing to fulfil the requirements provided for in Articles 11, 16, 20, 21, 21, 22, 23, 28, 30, 33, 35, 36 of this Law — up to LTL 100 000;
- 7) upon persons failing to fulfil the requirement provided for in Article 10, 15, 25, 26, 27 of this Law — up to LTL 50 000;
- 8) upon persons failing to fulfil instructions of the supervisory institution, not providing to the supervisory institution the information specified in this and other laws or hindering the supervisory institution or its authorised persons to perform investigations or inspections — up to LTL 100 000;
- 9) upon persons failing to fulfil other requirements provided for in this Law and its implementing legal acts — up to LTL 100 000.

**Article 47¹. Procedure on the Enforcement of
Decisions Made by the Supervisory Institution**

1. Fines shall be paid to the state budget not later than within one month from the day the person received a decision of the supervisory institution on the imposition of a fine.
2. A voluntarily unfulfilled decision of the supervisory institution shall be implemented according to the procedure provided for in the Code on Civil Procedure.

**SECTION V¹
CEASING OF A LEGAL PERSON ESTABLISHED IN
THE REPUBLIC OF LITHUANIA TO BE CONSIDERED AN ISSUER**

**Article 47². Ceasing of a legal person established in
the Republic of Lithuania to be Considered an Issuer**

1. On the request and documents submitted by the legal person seeking to waive the status of an issuer the supervisory institution shall pass a decision to cease to consider that legal person established in the Republic of Lithuania an issuer in the presence of at least one of the following conditions:
 - 1) non-equity securities are being redeemed the public offering whereof or the admission to a regulated market was subject to the requirements of the present Law;
 - 2) the mandatory selling or buy-up of securities of the issuer has been completed to be implemented;

- 3) where the shareholders by a qualified majority (that may not be less than 2/3 of the votes attached to the shares of the shareholders present at the meeting) decided not to offer the shares publicly;
 - 4) general meeting of shareholders, the Court or meeting of creditors decide on liquidation legal person.
2. In the cases referred to in Article 47²(1)(3) of this Law the company must submit and implement a takeover bid to buy-up the shares of the company. Such takeover bid shall be subject to the provisions of Article 34(1) to (7) and Article 38 (3),(5), and (6) of this Law.
 3. If the issuer's shares were admitted to trading on a regulated market operating in the Republic of Lithuania and the shareholders' general meeting passed a decision not to offer shares publicly together with the decision to delist shares from trading on a regulated market, it shall be suffice to submit a takeover bid once and implement it according to the procedure provided for in Article 38 of this Law.
 4. The legal person must, within three working days from receipt of notification on the decision of the supervisory institution to cease to consider it an issuer, publish an information notification in the manner stipulated in Article 28 of this Law.

SECTION VI

FINAL PROVISIONS

Article 48. Application of the Law

1. The provision of Article 21(3) of this Law governing the obligation of the issuers whose securities are traded on a regulated market operating in the Republic of Lithuania to include in activity reports a notice on their compliance with the Corporate Governance Code of the companies whose securities are admitted to trading on a regulated market, where the Code has been approved by the Securities Market, shall apply starting from submission of information for 2006 onwards.
2. Article 36(1) and (2) of this Law shall apply to those agreements between the offeree company and holders 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.
3. Provisions of Article 37 of this Law shall not apply in the cases where the decisions concerning the mandatory purchase or sale of securities have been adopted and put into operation prior to 14 July 2006.

4. Upon persons acting independently or together with other persons acting in concert who on the date of the coming into force of the Law of the Republic of Lithuania Amending Articles 2, 3, 4, 5, 15, 18, 19, 21, 22, 23, 24, 27, 29, 31, 32, 34, 35, 37, 38, 39, 42, 45, 46, 47, 48 of the Law on Securities had more than 1/3 but not more than 40 per cent of votes in a general shareholders' meeting of the offeree company, an obligation to announce a mandatory takeover bid shall emerge in the event they acquire more than 40 per cent of votes. Where these persons reduce the holding of the company shares to the amount granting less than 1/3 of votes, they will be subject to 1/3 limit of votes from the date of such a reduction.

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

PRESIDENT OF THE REPUBLIC

VALDAS ADAMKUS

Annex to the Law of the Republic of Lithuania on Securities

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 harmonisation 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 (OJ 2004 L 390, p. 38), as last amended by Directive 2010/78/EC (OJ 2010 L 331, p. 120) of 24 November 2010 of the European Parliament and of the Council.

5. Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (OJ 2010 L 327, p. 1).