

**REPORT OF  
THE BOARD OF DIRECTORS WITHIN  
S.C. UZINELE SODICE GOVORA CIECH CHEMICAL GROUP S.A.**

For the Extraordinary General Meeting of  
S.C. Uzinele Sodice Govora Ciech Chemical Group S.A.  
of January 15<sup>th</sup>, 2015

**RECITALS**

Whereas:

1. the provisions of article 2 paragraph (1) of Law no. 151/2014 on the clarification of the legal status for shares traded on RASDAQ market or on the unlisted securities market;
2. the need for the shareholders to debate the situation created by the missing legal framework for the operation of RASDAQ market;
3. the Shareholders Extraordinary General Meeting of S.C. Uzinele Sodice Govora Ciech Chemical Group S.A. convened for January 15<sup>th</sup>, 2015, at 11.00 a.m.;
4. Item 3 of the agenda for Shareholders Extraordinary General Meeting of S.C. Uzinele Sodice Govora Ciech Chemical Group S.A. convened for January 15<sup>th</sup>, 2015, at 11.00 a.m., namely: *“Presentation of the report prepared in accordance with the provisions of article 2(2) of Law no. 151/2014, regarding the legal framework applicable to the shares traded on a regulated market, respectively traded within an alternative trading system and the presentation of regulated markets and of alternative trading systems where the company’s shares may be traded”*,

The Board of Directors within S.C. Uzinele Sodice Govora Ciech Chemical Group S.A. prepares this Report which is to be presented to the shareholders within the Shareholders Extraordinary General Meeting of S.C. Uzinele Sodice Govora Ciech Chemical Group S.A. convened for January 15<sup>th</sup>, 2015, at 11.00 a.m.

The purpose of the report’s preparation and presentation is to inform shareholders for the purpose of adopting the following items of the agenda in the Shareholders Extraordinary General Meeting of S.C. Uzinele Sodice Govora Ciech Chemical Group S.A.:

4. *„The proposal for the company not to take the necessary legal actions to accept the shares on a regulated market, respectively to trade them within an alternative trading system, being further for the company’s shares to be withdrawn from trading as a result of Rasdaq market closing down, in accordance with the provisions of article 9 letter d) in the Regulation of the National Commission of Transferable Securities no. 17/ November 28<sup>th</sup>, 2014.*
5. *Grant to the shareholders the right to withdraw from the company under the conditions of article 134 of Law no. 31/1990, republished, as subsequently amended and supplemented, of articles 5 – 8 in the Regulation of the National Commission of Transferable Securities no. 17/ November 28<sup>th</sup>, 2014 and in compliance with the term provided by article 3 paragraph (2) of Law no. 151/2014.”*

This Report's content consists in the summary and explanation of the legal provisions applicable to companies which are traded on a regulated market or within an alternative trading system (ATS), in force upon its preparation date.

Shareholders shall consider that this report is prepared for informative purpose, it is not exhaustive and does not represent a cause to invoke the failure to know other legal incident provisions. Therefore, for accurate information, shareholders shall review all provisions applicable to the capital market, including but without being limited to the normative acts mentioned in the content of this Report.

## ABBREVIATIONS FOR CONVENIENT REFERENCE AND DEFINITIONS

1. **A.G.A.** – abbreviated name of the shareholders general meeting, judicial institution regulated by Law no. 31/1990 and the Regulation of the National Commission of Transferable Securities no. 6/2009;
2. **A.G.E.A.** – indicates the Shareholders Extraordinary General Meeting of S.C. Uzinele Sodice Govora Ciech Chemical Group S.A. convened for January 15<sup>th</sup>,2015, at 11.00 a.m.;
3. **A.S.F.** - abbreviated name of the Financial Supervisory Authority;
4. **ATS (abbreviation of the English term, Alternative Trading System)** –Alternative Trading System, within the meaning of art. 2 par. (1), point 26 of Law no. 297/2004 on the capital market, managed by S.C. Bursa de Valori Bucuresti S.A., in the capacity of system operator;
5. **B.V.B.** – abbreviated name of S.C. Bursa de Valori Bucuresti S.A. (*Bucharest Stock Exchange*), considered as market operator, within the meaning of Law no. 297/2004 and the regulations of the National Commission of Transferable Securities;
6. **C.A.** - abbreviated name of the Board of Directors, body regulated by Law no. 31/1990 on trading companies and by Law no. 297/2004 on the capital market;
7. **C.A. USG** - abbreviated name of the Board of Directors of S.C. Uzinele Sodice Govora Ciech Chemical Group S.A.;
8. **C.N.V.M.** – abbreviated name for the National Commission of Transferable Securities, institution previously having the duties granted currently to the Financial Supervisory Authority. Issuer of some normative acts in force upon the date of preparing this Report;
9. **Commission for Admission to Trading** – body of Bucharest Stock Exchange with consulting competences in the field of admission, promotion, downgrade and withdrawal from trading of financial instruments, which is organized and operates in accordance with the provisions in the Organization and Operating Regulation of Bucharest Stock Exchange.
10. **Board of the Stock Exchange** – the Board of Directors of Bucharest Stock Exchange;
11. **Date ex** – trading date within Bucharest Stock Exchange, date as of which the purchasers of any share do not benefit any longer by rights related to it and on whom the effects of the decisions made by the shareholders general meeting do not reflect any more;
12. **Central Depository** – S.C. Depozitarul Central S.A. (*Central Depository*) institution established and authorized by the National Commission of Transferable Securities under the conditions of Law no. 297/2004 and the Regulation of the National Commission of Transferable Securities no. 13/2005 on the authorization and operation of the central depository, clearing houses and central counterparties, as subsequently

amended and supplemented, with whom Bucharest Stock Exchange has contractual relationships;

13. **Issuer** – entity with/ without juridical personality, that issued or intends to issue financial instruments of the type defining the sectors and sections of the regulated market at sight, managed by Bucharest Stock Exchange and of ATS, as well as of other Regulated Markets;
14. **Free float** – represents the number of shares issued by the company and outstanding shares, which are available for trading. The free float expressed in absolute value is estimated as being the total number of shares issued by a company, of which the following are removed: shares available to the company (treasury stock), shares held by the state and any other government agencies, strategic investors, major shareholders, holdings of at least 30% of the insurance companies, pension funds, group investment organizations, holdings of at least 5% of other categories of investors.
15. **Law no. 297/2004** – Law no. 297/2004 on the capital market;
16. **Market maker** – represents the agent of the primary market or of the secondary market which commits to display firm quotations and to enter into transactions under them for the series of government securities and for the period when it holds such capacity;
17. **Prospectus of admission for trading** – the prospectus provided by Law no. 297/2004 and prepared in accordance with the provisions of the Regulation of the National Commission of Transferable Securities no. 1/2006 in order to admit financial instruments on the regulated market at sight, managed by Bucharest Stock Exchange;
18. **Main market** – the market of Bucharest Stock Exchange /ATS appointed by Bucharest Stock Exchange as reference market for each symbol which is traded within Bucharest Stock Exchange /ATS.
19. **Opening price** – price whereat a share starts a trading day;
20. **Closing price** – price whereat a share ends a trading day;
21. **Reference price of the symbol in a trading meeting** – represents the price against which the price variation of the symbol is calculated during a trading meeting, valid in all Markets where a certain symbol is traded. The reference price may be any of the following prices:
  - a) the closing price registered in the Main Market of the symbol in the previous trading meeting. In case the last transaction is a cross transaction, it will be expressly mentioned that the reference price is the price resulting from a cross transaction.
  - b) an adjusted value of the price mentioned at letter a), calculated and disseminated publicly by Bucharest Stock Exchange, in case of occurring some corporative events impacting the price, namely:
    1. operations modifying the financial instruments number, which do not involve also the amendment of the share capital (splitting, consolidation);
    2. operations increasing/ decreasing the share capital by modifying the financial instruments number (grant of free shares, grant of shares under the right of first refusal etc., except for granting some dividends and mergers).
22. **Medium price** – the average of trading prices for a symbol in a certain Market, weighted with the volume of transactions concluded during a trading meeting, rounded at the closest price increment;
23. **Symbol** – financial instrument which is traded within Bucharest Stock Exchange/ATS.
24. **EU** – abbreviated name for the European Union;

25. U.S.G. – abbreviated name of S.C. Uzinele Sodice Govora Ciech Chemical Group S.A.

The terms used in this report, which may not be found in this chapter, have the meaning provided in Law no. 297/2004, in the regulations of the Financial Supervisory Authority/ National Commission of Transferable Securities, in the Code of Central Depository, in the Code of Bucharest Stock Exchange S.A. – Market Operator or in the Code of Bucharest Stock Exchange S.A. – System Operator.

## I. LEGAL FRAMEWORK APPLICABLE TO TRADING THE ISSUER'S SHARES (in this case, USG) ON A REGULATED MARKET (BUCHAREST STOCK EXCHANGE), RESPECTIVELY TRADING WITHIN AN ALTERNATIVE TRADING SYSTEM (ATS)

The legal framework applicable to trading the Issuer's shares, in force upon the preparation of this Report, is circumscribed by the following normative acts:

### A. National legislation

#### a) Primary legislation

- **Law no. 297/2004** on the capital market, as subsequently amended and supplemented;
- **Law no. 151/2014** on the clarification of the legal status for shares traded on RASDAQ market or on the unlisted securities market;
- **Law no. 31/1990** on trading companies, republished, as subsequently amended and supplemented.

#### b) Secondary legislation

The secondary legislation contains normative acts issued by regulatory institutions in the field of the capital market, namely the Financial Supervisory Authority/ National Commission of Transferable Securities, Bucharest Stock Exchange, Central Depository, including, but without being limited to:

- **Regulation of the Financial Supervisory Authority no. 17/28.11.2014** on the legal status for shares traded on RASDAQ market or on the unlisted securities market;
- **Regulation of the National Commission of Transferable Securities no. 1/2006** on issuers and securities' operations;
- **Regulation of the National Commission of Transferable Securities no. 2/2006** on regulated markets and alternative trading systems;
- **Regulation of the National Commission of Transferable Securities no. 6/2009** on the exercise of certain shareholders' rights within the companies' general meetings;
- **Instruction of the National Commission of Transferable Securities no. 3/2009** on direct holdings and indirect holdings;
- **Instruction of the National Commission of Transferable Securities no. 4/2011** on the securities' registration and de-registration from the records of the National Commission of Transferable Securities / Financial Supervisory Authority;

- **Code of Bucharest Stock Exchange – market operator**, approved by the Decision of the National Commission of Transferable Securities no. 2602/September 14<sup>th</sup> 2006, (as subsequently amended, approved by the National Commission of Transferable Securities – last update on October 29<sup>th</sup>2014) – applicable to companies willing the admission to trading on a system of Bucharest Stock Exchange, running market operations with financial instruments within the regulated markets managed by Bucharest Stock Exchange.
- **Code of Bucharest Stock Exchange – system operator** (approved by the Decision of the National Commission of Transferable Securities no. 534/April 21<sup>st</sup> 2010 - last update on March 22<sup>nd</sup> 2012) – applicable to companies willing the admission to trading within ATS;
- **Code of Central Depository**– approved by the Decision of the Financial Supervisory Authority no. 1392/October 02<sup>nd</sup> 2014;
- **Technical mentions** regarding the trading of financial instruments within ATS, Section- Listed financial instruments.
- **Technical mentions** regarding the trading of financial instruments within ATS, Section- Listed financial instruments, 1<sup>st</sup> Category;
- **Other regulations of the Financial Supervisory Authority/ National Commission of Transferable Securities (regulations, resolutions, decisions, disposition of measures, norms, instructions, approvals, etc.).**

The relevant normative acts are available on the webpages of the regulatory institutions in the field of the capital market, respectively:

[www.asfromania.ro](http://www.asfromania.ro)

[www.bvb.ro](http://www.bvb.ro)

[www.depozitarulcentral.ro](http://www.depozitarulcentral.ro)

## B. EU Legislation

- **Directive 2014/65/EU of the European Parliament and Council of May 15<sup>th</sup> 2014** regarding the financial instruments' markets and modifying the Directive 2002/92/EC and the Directive 2011/61/EU (MiFID II);
- **Regulation (EU) no. 600/2014 of the European Parliament and Council of May 15<sup>th</sup> 2014** regarding the financial instruments' markets and modifying the Regulation (EU) no. 648/2012 (MiFIR);
- **EC Regulation no. 809/2004** on the implementation of the Directive 2003/71/EC as for the information contained in prospectus, as well as the format, the integration and the publication of such prospectus and the dissemination of advertising materials.

## II. PRESENTATION OF REGULATED MARKETS AND ALTERNATIVE TRADING SYSTEMS WHERE THE COMPANY'S SHARES MAY BE TRADED

### A. Regulations applicable to trading the Issuer's shares on a regulated market (Bucharest Stock Exchange)

The issuers whose financial instruments are admitted for trading on the regulated market at sight, managed by Bucharest Stock Exchange are bound to observe permanently the applicable primary and secondary legislation.

The Code of Bucharest Stock Exchange – market operator defines by Title II the Issuers and the Financial Instruments, the procedural framework of the regulated market at sight, managed by Bucharest Stock Exchange, regarding:

- a) admission and maintenance of financial instruments at trading;
- b) promotion and downgrade of securities between categories;
- c) withdrawal of financial instruments from trading.

The regulated market at sight, managed by Bucharest Stock Exchange has the following structure:

- a) Sector of Equity Securities;
- b) Sector of Credit Instruments;
- c) Sector of Group Investment Organizations (OPC);
- d) Sector of Structured Products;
- e) Sector of other International Financial Instruments.

From the structure of this market, USG aims the Sector of Equity Securities comprising:

- a) Category of Premium shares;
- b) Category of Standard shares;
- c) Category of rights;
- d) International category of shares;
- e) International category of rights.

From these, USG aims the following categories of securities, namely:

- a) Category of Premium shares;**
- b) Category of Standard shares.**

The admission for trading on the regulated market managed by Bucharest Stock Exchange of an issue of financial instruments extends on all financial instruments of the same type and class of the Issuer.

The necessary documents for the admission to trading on the regulated market will be submitted at Bucharest Stock Exchange on durable support (both as hard copy and on electronic format as scanned folders into a format agreed by Bucharest Stock Exchange).

Bucharest Stock Exchange may approve the admission or promotion in the Category of Premium shares even if not all the related requirements are fulfilled, in case it considers that the objectives considered by creating this category are not damaged.

The admission for trading at Bucharest Stock Exchange of the financial instruments of any Issuer will be made by the agency of an initiating Company. The initiating Company has the following obligations:

- Acquaint the Issuer with the activities specific to the capital market, the regulations of Bucharest Stock Exchange, as well as with the incident legislation;
- Submit the necessary documentation and represent the Issuer before Bucharest Stock Exchange in order to admit / promote for trading the financial instruments issued by it;
- Check the form and content of all documents of the Issuer, necessary to admit/promote for trading and take all actions to ensure that the information supplied by the Issuer is accurate, correct and sufficient;
- Support before the Commission for Admission to Trading of Bucharest Stock Exchange the interests of such Issuer.

### **Requirements for admission in the Category of Premium shares**

The shares making the subject matter of the admission to trading in the Category of Premium shares should:

- a) be registered at the Financial Supervisory Authority;
- b) be freely transferable, fully paid, issued in dematerialized form and highlighted by registration in the account;
- c) be of the same class and the free float value should be at least 40 million Euros or, by exception, an issuer may request the admission in the Category of Premium shares if it concluded a contract with a market maker for supporting the market liquidity of the shares issued by such issuer or if there is at least one market maker registered for those shares.

### **Obligations of the Issuer requesting the shares' admission to trading in the Category of Premium shares:**

- a) to be a company having concluded a public offer of shares sale, in order to admit to trading, under an offer prospectus approved by the Financial Supervisory Authority or which has a prospectus prepared for admission to trading, approved by the Financial Supervisory Authority;
- b) fulfil the conditions provided in Law no. 297/2004 at art. 213, par. 1, letters a) and c);
- c) submit at Bucharest Stock Exchange, by the agency of the initiating Company, all documents required by Bucharest Stock Exchange;
- d) pay the taxes due to Bucharest Stock Exchange in accordance with its rules and not have any debts to Bucharest Stock Exchange;
- e) appoint two persons who will be permanently in touch with Bucharest Stock Exchange ;
- f) adhere to the conditions and terms in the Commitment for admission and maintenance at the shares' trading.

### **Requirements for admission in the Category of Standard shares**

The shares making the subject matter of the admission to trading in the Category of Standard shares should:

- a) be registered at the Financial Supervisory Authority;
- b) be freely transferable, fully paid, issued in dematerialized form and highlighted by registration in the account
- c) be of the same class and the free float level should be at least 25%. This condition is not required if Bucharest Stock Exchange considers that the normal market operation is ensured

by a lower ratio of the free float or if the shares are distributed to the public by means of transactions made through Bucharest Stock Exchange.

**Obligations of the Issuer requesting the shares' admission to trading in the Category of Standard shares:**

**a) observe cumulatively the general obligations – requirements of admission, respectively:**

- to be a company having concluded a public offer of shares sale, in order to admit to trading, under an offer prospectus approved by the Financial Supervisory Authority or which has a prospectus prepared for admission to trading, approved by the Financial Supervisory Authority;
- fulfil the conditions provided in Law no. 297/2004 at art. 213, par. 1, letters a) and c);
- submit at Bucharest Stock Exchange, by the agency of the initiating Company, all documents required by Bucharest Stock Exchange;
- pay the taxes due to Bucharest Stock Exchange in accordance with its rules and not have any debts to Bucharest Stock Exchange;
- appoint two persons who will be permanently in touch with Bucharest Stock Exchange;
- adhere to the conditions and terms in the Commitment for admission and maintenance at the shares' trading.

**b) fulfil one of the following alternative conditions:**

- the equity value in the last financial year should be at least the Lei equivalent of 1 million Euros, calculated at the reference exchange rate of the Romanian National Bank of the registration date of the application for admission to trading, at Bucharest Stock Exchange;
- the anticipated capitalization should be at least the Lei equivalent of 1 million EUROS.

**Procedures regarding the financial instruments' admission to trading**

The initiating company will submit at Bucharest Stock Exchange the documents before submitting them at the Financial Supervisory Authority, accompanied by a prior application for admission to trading, for the purpose of obtaining the prior agreement and further, within maximum 10 days as of the date of submitting all documents required by Bucharest Stock Exchange, the prior agreement shall be issued.

For the situations requiring for the prospectus to be approved by the Financial Supervisory Authority, Bucharest Stock Exchange will be able to start the procedure for the financial instruments' admission to trading under the previously mentioned documents and further, within maximum one month as of the submittal of all documents required by Bucharest Stock Exchange, the Board of the Stock Exchange shall adopt a decision on the instruments' admission or non-admission to trading.

The Board of the Stock Exchange is the sole competent body to decide related to the admission or non-admission of any Issuer's financial instruments to trading on the regulated market at sight, managed by Bucharest Stock Exchange, under the approval of the Commission for Admission to Trading.

The Board of the Stock Exchange is authorized so as, upon the proposal of the Commission for Admission to Trading, by the issued Decision, to grant derogations from the obligation to fulfil some provisions related to the requirements of admission to trading on the regulated market, if such requirements are not defined by Law no. 297/2004 and by the regulations issued by the National Commission of Transferable Securities / Financial Supervisory



Authority in its application and if, in the opinion of members of the Stock Exchange Board, there will be an appropriate market for the respective shares and the issuer is able to fulfil the reporting obligations set forth in the legislation on the capital market.

The fulfilment of the series of requirements shall not entail effectively the approval of the application for the financial instruments' admission to trading.

The support of the application for the admission to trading of such Issuer's financial instruments before the Commission for Admission to Trading shall be made by the initiating Company and by the Issuer or only by the Issuer, where applicable, by its legal representative, that will be invited at the respective meeting.

The decision of the Stock Exchange Board shall be enforced after the Issuer enters into the appropriate contract with the central depository.

The Issuer, through the initiating Company, will transmit to Bucharest Stock Exchange, as soon as possible, but not later than 1 working day, any update regarding the specific items of an individual issue and also the related documentation.

### **Withdrawal from trading**

Bucharest Stock Exchange may propose to the Financial Supervisory Authority the withdrawal from trading of shares in the Category of Standard shares in the following cases:

- a) the Issuer fails to observe at least one of the maintenance requirements appropriate to the sector and category where its shares were admitted to trading and/ or in Bucharest Stock Exchange opinion, an ordered market of such shares may not be maintained or re-established any longer;
- b) the Issuer fails to observe the conditions in the Commitment for shares admission and maintenance to trading at Bucharest Stock Exchange;
- c) the Issuer fails to pay any of the taxes due to Bucharest Stock Exchange and maintains such situation for a period over 2 months as of the due date of the respective tax;
- d) the Issuer fails to observe the requirements filed by Bucharest Stock Exchange in the Chapter on information supply;
- e) the Issuer fails to prepare the financial reports according to the accounting principles provided by the legislation in force or fails to comply with any other requirements provided in the Code of Bucharest Stock Exchange – market operator;
- f) the Issuer is under bankruptcy or winding-up proceedings;
- g) the Issuer participates at a merger by absorption in the capacity of absorbed party;
- h) in other grounded situations.

The shares withdrawal from the regulated market at the issuer's initiative may be made only by public undertaking offer addressed to all shareholders if the major shareholder obtained thus at least 95% of the voting rights or purchased, within the offer, shares representing over 90% of those intended within the offer, in compliance with the provisions of articles 206 and 207 of Law no. 297/2004.

### **Necessary documents for the admission in the Category of shares**

The Issuer requesting the admission to trading in the Category of shares, will submit at Bucharest Stock Exchange, through the initiating Company, the following documents:

- application for admission to trading;

- issue prospectus prepared in Romanian, accompanied by the decision of the Financial Supervisory Authority approving it;
- summary of the issue prospectus translated in English ;
- updated Articles of Incorporation;
- decision of the Issuer's statutory body regarding the shares' admission to trading at Bucharest Stock Exchange;
- the shares' registration certificate issued by the Financial Supervisory Authority;
- the last 3 annual financial statements (copies);
- the last 3 reports of the financial auditors, certifying the annual financial statement;
- the last 3 annual management reports;
- the last 3 annual reports of the Issuer, prepared according to the regulations of the National Commission of Transferable Securities/ Financial Supervisory Authority;
- the last half-year financial report (copy), accompanied by: 1. The last half-year management report (management report); 2. Half-year report of the Issuer, prepared according to the regulations of the National Commission of Transferable Securities/ Financial Supervisory Authority;
- the Issuer's declaration regarding the contact persons with Bucharest Stock Exchange;
- the commitment for admission and maintenance to trading;
- evidence of paying the processing tariff;
- any other documents that Bucharest Stock Exchange may consider necessary.

### **Issuer's supply of information**

The Issuer will observe both the reporting requirements defined under the regulations issued by the Financial Supervisory Authority/ National Commission of Transferable Securities in force and the requirements set by the Code of Bucharest Stock Exchange – market operator. The supply of information on the acts or deeds likely to affect directly or indirectly the financial instruments' price should be the subject of a current notice/ report transmitted to Bucharest Stock Exchange and the Financial Supervisory Authority before any communication intended to inform the public or any third party which is not bound to keep its confidentiality, in accordance with the legal provisions in force.

The Information will be transmitted to Bucharest Stock Exchange and to the Financial Supervisory Authority as soon as possible, in maximum 24 hours as of the occurrence of the respective event, observing both the limits and time intervals defined through the Code of Bucharest Stock Exchange – market operator, and the publication regime in the field of current reports. The Issuer will transmit to Bucharest Stock Exchange term, semester, annual reports as well as any other reports required periodically by Bucharest Stock Exchange.

The Issuer will transmit to Bucharest Stock Exchange all reports, documents and notices defined both by the Code of Bucharest Stock Exchange – market operator and by the legal regulations in force, in electronic format, under extended electronic signature, in accordance with the legal provisions in force. In case there are grounded reasons or exceptional circumstances and the transmission under electronic signature may not be used, this information will be transmitted by e-mail, fax, post or courier, on hard copy.

The Issuer will transmit to Bucharest Stock Exchange at the beginning of each calendar year, within 30 days as of end of the previous year, the financial calendar containing the calendar dates or the time periods set for:

- a) transmission/publication of the preliminary annual financial results;
- b) Shareholders General Meeting which will approve the annual financial statements;

c) transmission/publication of the annual, half-year and term (I and III) report/ annual, half-year and term financial statements;

d) meetings with press, financial analysts, investment consultants, agents and investors for presenting the financial results, as applicable ;

In case the Issuer specifies the time periods in its calendar, it shall transmit the calendar dates for the development of the respective events, as soon as possible as of their determination, as well as any modification likely to occur further.

The Issuer will publish and maintain on its own webpage the calendar of financial communication.

The Issuer will transmit to Bucharest Stock Exchange, within maximum 120 days as of the closing of the reporting period, the Annual Report prepared in accordance with the regulations in the field, issued by the Financial Supervisory Authority.

The Issuer will transmit to Bucharest Stock Exchange, within maximum 45 days as of the closing of the reporting period, the Half-year Report prepared in accordance with the regulations in the field issued by the Financial Supervisory Authority/ National Commission of Transferable Securities.

The Issuer will transmit to Bucharest Stock Exchange, within maximum 45 days as of the closing of the reporting period, the Term Report for the 1<sup>st</sup> and 3<sup>rd</sup> term, prepared in accordance with the regulations in the field issued by the Financial Supervisory Authority/ National Commission of Transferable Securities.

**The continuous information supply refers, without being limited, to the following :**

a) privileged information provided at art. 226 par. 1 of Law no. 297/2004, as well as in the incident regulations of the National Commission of Transferable Securities/ Financial Supervisory Authority.

b) information provided in Law 297/2004, regarding any new events occurred in its activity, which were not notified to it and why may lead to amendments of the shares' price due to the effect of such events on the patrimony and financial situation or on the issuer's activity on its whole, as well as information of the incident regulations of the National Commission of Transferable Securities/ Financial Supervisory Authority;

c) detailed information related to any situation of failure to observe the provisions in the Corporative Governance Code of Bucharest Stock Exchange;

d) occurrence of any financial, organizational, legal, environment factor or other natural factor which might affect significantly the operation or activity of any Issuer, the financial position or profit/ loss of the financial year;

e) any modification of the business objectives or strategy, investment plans or development objectives which might influence greatly the Issuer's operation or activity;

f) any action brought in court against a decision of the Shareholders General Meeting/ Board of Directors/ Supervisory Board/ management, respectively opposition registered at the Trade Register Office;

g) any division, consolidation, reclassification of securities or any modifications regarding the rights related to securities/ issued financial instruments;

h) any decision related to the new issue of financial instruments ;

i) any decision of changing the members of the management, control or supervisory bodies of the Issuer;

j) any court decision regarding the freezing of the Issuer's accounts, the initiation of the judicial reorganization, winding-up or bankruptcy or any act of a public authority which would have a major influence on the Issuer's activity;

- k) any court action against the Issuer or the involved persons, which might influence the price or the decision to invest in the financial instruments of such Issuer;
- l) any significant change in the personnel structure and any major work conflict;
- m) non-payment situations related to funding or other contracts or agreements which may or not represent the source of a potential conflict;
- n) withdrawal or annulation of credit lines granted by one or several banks ;
  - o) initiation of the insolvency proceedings on the main debtors;
- p) receptive of some purchase offers for the important/ significant assets of the patrimony;
- q) new obtained licenses, patents, invention licenses;
- r) modifications of the provisioned profit loss;
- s) summary of comments, interviews of members in the Issuer's management, control or supervisory bodies regarding forecasts and quantitative objectives on the developed activity;
- t) any other acts or deeds which may complete the cases previously listed and which may have as effect the influence of the price or decision to invest in the respective financial instruments of the Issuer.

The Issuer is bound to transmit to Bucharest Stock Exchange the above mentioned information, as soon as possible, but no later than 24 hours as of the occurrence of such event.

### **Other reporting obligations**

The Issuer will transmit to Bucharest Stock Exchange the notices or reports regarding the activities stabilizing the price of the issued securities, that it will prepare and publish in accordance with the provisions of the related incident regulations.

The Issuer will transmit to Bucharest Stock Exchange the notices or reports regarding the programmes of shares' redemption, that it will prepare and publish in accordance with the provisions of the related regulations.

In case of any amendments in the Articles of Incorporation, the Issuer will transmit to Bucharest Stock Exchange, within 7 working days as of the submittal date at Trade Register Office, the updated form which will contain all amendments up to date of this document (electronic format).

The Issuer will transmit, within maximum 3 working days, the notice regarding the information received according to article 228 paragraph 1 of Law no. 297/2004, in case of purchase or sale operations of securities issued by a company, which make the voting rights held by a person to reach, exceed or decrease under one of the thresholds of 5%, 10%, 20%, 33%, 50%, 75% or 90% out of the total voting rights, such person shall be bound to inform, within maximum 3 working days as of the notification of such operation, simultaneously, the company, the Financial Supervisory Authority / National Commission of Transferable Securities and the regulated market where such securities are traded.

### **Financial instruments' suspension from trading**

Bucharest Stock Exchange may decide the financial instruments' suspension from trading, in the following situations listed for declarative purpose, without being limited to:

- a) if the issuer's situation is considered such so as the trading would be in the investors' detriment;
- b) for the purpose of facilitating the operations regarding the registration of the characteristics modifications or the number of financial instruments admitted to trading;

- c) exceptionally, upon an Issuer's request and exclusively for the purpose of preventing the use of some information before it becomes public according to the legal provisions in force;
- d) in order to maintain an ordered market and to ensure the equal access to the information required for the decision to invest (investors' protection);
- e) the Issuer fails to observe the requirements of maintaining to trading, regarding the information supply or the tariff payment.

**B. Regulations applicable to trading the Issuer's shares on an alternative trading system (ATS)**

Bucharest Stock Exchange established the Alternative Trading System for the purpose of giving access to funding and trading to some companies which are not traded on the Regulated Market managed by Bucharest Stock Exchange.

Structure of the Alternative Trading System

1. Section – Financial Instruments listed on ATS

- a) Sector of Equity Securities
    - i. 1<sup>st</sup> Category of Shares
    - ii. Basic Category of Shares
    - iii. 1<sup>st</sup> Category of rights
    - iv. Basic Category of rights
  - b) Sector of Credit Instruments (bonds)
  - c) Sector of Equity Interests la Group Investment Organizations (OPC)
    - i. shares
    - ii. fund units
  - d) Sector of other Financial Instruments
2. Section of securities admitted to trading on a regulated market or on a market of EU non-member state
3. Section of New Market Shares

From this structure, USG aims the Sector of Equity Securities, out of which:

- 1<sup>st</sup> Category of Shares
- Basic Category of Shares

**Admission in the Sector of Equity Securities from the Section of Financial Instruments listed on ATS**

In order to be admitted to trading on ATS, the Equity Securities should fulfil the criteria set forth below.

For the shares' admission in the 1<sup>st</sup> Category, the following requirements must be fulfilled cumulatively:

- a) regarding the financial instruments:
  - i. to be registered in the records of the National Commission of Transferable Securities;
  - ii. to be freely transferable, fully paid, issued under dematerialized form and highlighted by registration in the account, to be of the same class;

**b) regarding the Issuer:**

- i. the medium capitalization in the last 6 months is at least the Lei equivalent of 1 million EUROS or the ownership equity value in the last financial year is at least the Lei equivalent of 1 million EUROS, calculated at the reference exchange rate of the Romanian National Bank of the date of registering, at Bucharest Stock Exchange, the application for admission to trading in the 1<sup>st</sup> Category;
- ii. the company operated in the last 3 years prior to requesting the admission to trading and it prepared the financial statements for the same period, in accordance with the legal provisions and it delivered such reports to Bucharest Stock Exchange;
- iii. have a contract for the supply of registration services with the Central Depository;
- iv. not be under bankruptcy procedure;
- v. request the trading within ATS.

For the purpose of admission on ATS at the 1<sup>st</sup> Category, the Issuer should cover Procedure no. 1 of Annex no. 1 in the Code of Bucharest Stock Exchange (described hereunder) and submit at Bucharest Stock Exchange all requested documents and pay the commissions provided in the regulations of Bucharest Stock Exchange.

**For the admission of shares or of rights in the basic Category, the the following requirements must be fulfilled cumulatively:**

**a) regarding the financial instruments:**

- i. to be registered in the records of the National Commission of Transferable Securities;
- ii. to be freely transferable, fully paid, issued under dematerialized form and highlighted by registration in the account, to be of the same class;

**b) regarding the Issuer:**

- i. have a contract for the supply of registration services with the Central Depository or, as applicable, have the confirmation of the Central Depository regarding the fulfilment of the clearing – settlement and registration conditions necessary for trading the respective financial instruments;
- ii. not be under bankruptcy procedure;
- iii. request the trading within ATS.

For the purpose of admission on ATS in the basic Category, the Issuer should cover Procedure no. 1 of Annex no. 1 in the Code of Bucharest Stock Exchange (described hereunder) and submit at Bucharest Stock Exchange all requested documents and pay the commissions provided in the regulations of Bucharest Stock Exchange.

**Conditions for maintaining the Financial Instruments in the Section of financial instruments listed on ATS**

For maintaining the Financial Instruments on ATS, their Issuer should observe:

- a) the provisions of Law no. 297/2004 and the regulations of the National Commission of Transferable Securities incident to issuers whose financial instruments are traded on alternative trading systems;
- b) the provisions of this Title regarding the periodic and continuous information;
- c) the provisions of this Title regarding the applications for the financial instruments' admission in the respective category;

d) the contractual obligations against Bucharest Stock Exchange.

Bucharest Stock Exchange shall evaluate each year the degree of fulfilling the conditions for the shares' admission and maintenance in the 1<sup>st</sup> Category or the basic Category of ATS and will be able to decide, as applicable, the shares' downgrade from the 1<sup>st</sup> Category to the basic Category or the suspension from trading, in accordance with the provisions in the Code of Bucharest Stock Exchange.

The issuers whose Financial Instruments are traded on ATS will observe the provisions of Law no. 297/2004, ensuring a legal treatment for all holders of Financial Instruments, of the same type and class and will provide them with all necessary information, so as they may exercise their rights.

### **Reporting requirements for Issuers**

The Issuer whose Financial Instruments are traded on ATS in the Section of Financial Instruments listed on ATS, shall be bound to transmit to Bucharest Stock Exchange the **Annual Report**, together with the related documents, thus:

- a) the Annual Report will be transmitted in electronic format and only in case the Issuer may not report it electronically, it will transmit it on hard copy, within maximum 120 days as of closing the financial year;
- b) the Annual Report will contain: annual financial statements (balance sheet, profit and loss account etc.), notes to the financial statements, management report and the financial auditor report.

The Issuer whose Financial Instruments are traded on ATS in the Section of Financial Instruments listed on ATS, shall be bound to transmit to Bucharest Stock Exchange the **Half-year Report**, thus:

- a) the Report related to the 1<sup>st</sup> semester in electronic format and only in case the Issuer may not report it electronically, it will transmit it on hard copy, within maximum 2 months as of closing the semester;
- b) the Report related to the 1<sup>st</sup> semester will contain: balance sheet and profit and loss account, together with the management report.

In the extent where the **Term Reports for the first and third terms** are prepared, the Issuers of Financial Instruments included in the Section of Financial Instruments listed on ATS, will transmit also to Bucharest Stock Exchange these reports, thus:

The report in electronic format and only in case the Issuer may not report it electronically, it will transmit it on hard copy, within a reasonable term so as it may be communicated to investors.

The Issuer whose Financial Instruments are traded on ATS in the Section of Financial Instruments listed on ATS, shall transmit to Bucharest Stock Exchange the following **current Reports (continuous information)**:

- Reports regarding the main important events encountered in the Issuer's activity, which may lead to modifications on the financial instruments' price, but no later than

24 hours, without delay, as of the occurrence of such event or as of the date when such information is notified to the Issuer, such as:

- a) call of the general meeting or the meeting of the Board of Directors which is to rule for the exercise of duties delegated by the general meeting;
- b) decisions of the general meeting or the meeting of the Board of Directors in exercising the duties delegated by the general meeting;
- c) information regarding the dividends' payment, the value per share, the payment term, the payment methods, eventually the payment agent;
- d) other information, such as: changes in the companies' control, merger/ division projects, disputes where the Issuer is involved, initiation and closure of the winding-up, insolvency, judicial reorganization or bankruptcy proceedings etc.

### **Financial Instruments' suspension from trading on ATS**

The financial instruments' suspension from trading may be made in the following situations:

- a) under and according to the decision of the Financial Supervisory Authority issued for this purpose;
- b) under and according to some instructions issued to this end by the Financial Supervisory Authority, in case of Issuers traded on ATS and which are admitted for trading also on a Regulated Market, notified to Bucharest Stock Exchange,
- c) as a result of Bucharest Stock Exchange decision issued to this end in order to facilitate the operations regarding the registration of modifications made on the characteristics and number of Financial Instruments or in order to maintain an ordered market and to ensure the equal access to information;
- d) as penalty.

### **Shares' trading on ATS**

Shares' trading within ATS is made in accordance with the provisions in the Code of Bucharest Stock Exchange S.A. – Market Operator, with the exceptions mentioned in the Code of Bucharest Stock Exchange S.A. – System Operator.

### **Markets used for shares' trading within ATS:**

- a) Main Market – “order-driven” market where the trading is performed per trading blocks and which determines their reference price. For the section of New Market shares, the main market is not „order-driven” type.
- b) Deal Market – the auxiliary market of the main market, of direct negotiation type, for concluding Deal transactions. The standard minimum value of any transaction on Deal Market is that provided in the Code of Bucharest Stock Exchange – Market Operator.

For any other types of financial instruments which are not traded also on the regulated market managed by Bucharest Stock Exchange, the minimum value of any transaction on Deal Market is defined under the General Manager's decision notified to the participants and to the Financial Supervisory Authority, correlated to the similar EU markets.

The financial instruments of New Market section shall be traded exclusively through Deal Market which is the Main Market, without any restrictions on the minimum value, under the informative quotations described in the Code of Bucharest Stock Exchange – Market Operator.



- c) Buy-In Market and Sell-Out Market – auxiliary markets of the main market, of “order-driven” type, initiated by Bucharest Stock Exchange within the procedures of error rectification or upon the request of the Central Depository, in accordance with the provisions of the contract concluded between Bucharest Stock Exchange and Central Depository.
- d) Markets of Offers and Special Operations – defined according to each type of offer and special operation such as primary public offer, secondary public offer, special sale on order and other property translatative methods defined by own regulations.

Procedure regarding the Financial Instruments’ admission to trading in the Section of Financial Instruments listed on ATS (Annex no. 1 in the Code of Bucharest Stock Exchange)

1. Documents to be submitted at Bucharest Stock Exchange in order to request the admission to trading on ATS, as applicable:

- a) application of admission to trading;
- b) evidence of concluding the contract with the Central Depository or, as applicable, confirmation of Central Depository regarding the fulfilment of related conditions in case where the register operations are performed by other depository, in compliance with legal provisions;
- c) copy of the Securities Registration Certificate issued by the National Commission of Transferable Securities;
- d) copy of the Registration Certificate at Trade Register Office;
- e) a presentation document in electronic format and on hard copy;
- f) the last financial statements: annual and half-year and in case of the admission in the 1<sup>st</sup> Category, the last 3 annual statements and the last half-year statement, if they have been already prepared upon the documentation submittal;
- g) decision of the statutory body of the Issuer regarding the trading on ATS;
- h) evidence of paying the processing commission to Bucharest Stock Exchange.

2. Obtain the agreement of Bucharest Stock Exchange on the application submitted by the Issuer:

- The necessary documents are submitted to the specialized department (SD) within Bucharest Stock Exchange;
- The specialized department reviews the documents, requests completions if necessary and prepares a recommendation note to the Commission for Admission to Trading (Commission);
- The Commission will issue an evaluation notice referring to the admission to trading of the Issuer’s Financial Instruments and to the classification into a certain Category of ATS;
- The Stock Exchange Board shall pronounce on the Financial Instruments’ admission to trading within ATS;
- The decision of the Stock Exchange Board shall become effective and the Financial Instruments’ trading may commence only after the signature of the Contract between the Issuer and Bucharest Stock Exchange and the Issuer’s payment of the related commissions.

### 3. Commissions:

- On the date of submitting the application for admission, the applicant should pay the counter-value of the processing commission.
- After having the approval for the admission to trading, the applicant should pay the counter-value of the admission Commission related to the respective category.
- On an annual basis, the Issuers of Financial Instruments admitted to trading on ATS should pay a Commission for maintaining the listing, according to the respective category, the payment term being January 31<sup>st</sup> each year, for the year in progress.
- The commissions' value is provided in the List of tariffs and commissions practised by Bucharest Stock Exchange for ATS valid on the payment date and within the payment deadline.

## **FINAL PROVISIONS**

The content of this Report consists in a summary of the applicable legal provisions, set forth in the following acts in force upon the preparation date:

- Code of Bucharest Stock Exchange – Market Operator;
- Code of Bucharest Stock Exchange – System Operator;
- Issuers' Guideline for the alternative trading system - ATS
- Legislation of the capital market.

**Chairman of the Board of Directors within  
S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A.**

**Jan Szczepanski**

