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Securities Market Act[1]

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04.12.2002	RT I 2002, 105, 612	02.01.2003
03.12.2003	RT I 2003, 81, 544	01.01.2004
17.12.2003	RT I 2003, 88, 591	01.01.2004
14.04.2004	RT I 2004, 30, 208	01.05.2004
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24.10.2007	RT I 2007, 58, 380	19.11.2007
21.11.2007	RT I 2007, 65, 405	15.12.2007
28.02.2008	RT I 2008, 13, 89	15.03.2008
12.03.2008	RT I 2008, 15, 108	01.11.2008
19.06.2008	RT I 2008, 31, 193	09.07.2008
28.01.2009	RT I 2009, 12, 71	27.02.2009
10.06.2009	RT I 2009, 37, 250	10.07.2009
26.11.2009	RT I 2009, 61, 401	26.12.2009
17.12.2009	RT I 2010, 2, 3	22.01.2010
28.01.2010	RT I 2010, 7, 30	26.02.2010
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22.04.2010	RT I 2010, 22, 108	01.01.2011 enters into force on the date which has been determined in the Decision of the Council of the European Union regarding the abrogation of the derogation established in respect of the Republic of Estonia on the basis provided for in Article 140 (2) of the Treaty on the Functioning of the

		European Union, Council Decision 2010/416/EU of 13 July 2010 (OJ L 196, 28.7.2010, p. 24–26).
09.12.2010	RT I, 21.12.2010, 6	31.12.2010
26.01.2011	RT I, 18.02.2011, 1	01.08.2011
27.01.2011	RT I, 23.02.2011, 3	01.01.2012
17.02.2011	RT I, 21.03.2011, 2	01.01.2012 Repealed[RT I, 29.06.2012, 2]
23.02.2011	RT I, 24.03.2011, 1	03.04.2011, partially01.08.2011
09.06.2011	RT I, 29.06.2011, 1	30.06.2011
15.09.2011	RT I, 22.09.2011, 3	02.10.2011
12.10.2011	RT I, 02.11.2011, 1	12.11.2011
08.12.2011	RT I, 22.12.2011, 3	23.12.2011 Repealed[RT I, 29.06.2012, 2]
07.03.2012	RT I, 29.03.2012, 1	30.03.2012, partially01.01.2013
07.06.2012	RT I, 28.06.2012, 5	01.07.2012
06.06.2012	RT I, 29.06.2012, 2	09.07.2012, partially01.01.2013
11.04.2013	RT I, 26.04.2013, 2	06.05.2013
20.06.2013	RT I, 12.07.2013, 2	22.07.2013
20.06.2013	RT I, 12.07.2013, 1	01.08.2013
11.12.2013	RT I, 23.12.2013, 1	01.01.2014, partially01.01.2020
05.12.2013	RT I, 23.12.2013, 4	02.01.2014
26.03.2014	RT I, 11.04.2014, 1	01.10.2014
16.04.2014	RT I, 09.05.2014, 2	19.05.2014
19.06.2014	RT I, 12.07.2014, 1	01.01.2015
19.06.2014	RT I, 29.06.2014, 109	01.07.2014, the titles of ministers replaced on the basis of subsection 107³ (4) of the Government of the Republic Act.
03.12.2014	RT I, 23.12.2014, 2	01.01.2015
18.02.2015	RT I, 19.03.2015, 3	29.03.2015
28.10.2015	RT I, 14.11.2015, 1	24.11.2015
15.06.2016	RT I, 05.07.2016, 1	01.01.2017
14.12.2016	RT I, 31.12.2016, 3	10.01.2017
08.02.2017	RT I, 22.02.2017, 1	01.01.2018
22.03.2017	RT I, 07.04.2017, 2	17.04.2017, partially03.01.2018
05.04.2017	RT I, 20.04.2017, 1	15.01.2018
07.06.2017	RT I, 26.06.2017, 1	06.07.2017
14.06.2017	RT I, 30.06.2017, 1	01.07.2017
26.10.2017	RT I, 17.11.2017, 2	27.11.2017
13.12.2017	RT I, 30.12.2017, 3	03.01.2018
19.12.2018	RT I, 10.01.2019, 1	20.01.2019
21.02.2019	RT I, 19.03.2019, 8	01.04.2019
13.11.2019	RT I, 04.12.2019, 1	14.12.2019, partially 01.01.2020; the text “market abuse regulation” has been replaced throughout the text by “Regulation (EU) No 596/2014 of the European Parliament and of the Council” in the appropriate case form.

Part 1
GENERAL INFORMATION

Chapter 1

GENERAL PROVISIONS

§ 1. Scope of application

This Act regulates the offer of securities to the public and their admission to trading on regulated securities markets, the activities of investment firms, the provision of investment services, the provision of data reporting services, the functioning of a regulated securities market and a securities settlement system, the exercising of supervision over the securities market and the participants therein as well as the liability thereof.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 2. Security

(1) For the purposes of this Act, each of the following proprietary right or obligation or contract transferred on the basis of at least unilateral expression of will is a security, even without a document being issued therefor:
1) a share or other similar tradable right;
2) a bond, convertible security or other tradable debt obligation issued which is not a money market instrument;
3) a subscription right or other tradable right granting the right to acquire securities specified in clause 1) or 2) of this subsection;
4) an investment fund unit and share;
[RT I, 31.12.2016, 3 - entry into force 10.01.2017]
5) a money market instrument;
6) a derivative security or a derivative contract;
7) a tradable depositary receipt;
8) a greenhouse gas emission allowance within the meaning of subsection 137 (1) of the Atmospheric Air Protection Act (hereinafter *emission allowance*).
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) For the purposes of this Act, a money market instrument is an unsecured, transferable and marketable debt obligation that is normally traded on the money market, including a treasury bond, commercial paper, certificate of deposit, bill of exchange secured by a credit institution and other securities which comply with the conditions provided for in Article 11 of Commission Delegated Regulation (EU) 2017/565 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (OJ L 87, 31.3.2017, p. 1–83).
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) For the purposes of this Act, a derivative instrument is a tradable security expressing a right or obligation to acquire, exchange or transfer, the underlying assets of which are securities specified in subsection (1) of this section or the price of which depends directly or indirectly on:
1) the stock exchange or market price of the security;
2) the interest rate;
3) the securities index, other financial index or financial indicator, including the inflation rate, freight rate, emission allowances or other official economic statistics;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
4) currency exchange rates;
5) credit risk and other risks, including climatic variables;
6) the exchange or market price of a commodity, including precious metal.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(3^1) A depositary receipt is a security that represents ownership of the securities of a foreign issuer and that can be admitted to trading on a regulated market independently of the securities of the foreign issuer.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) For the purposes of this Act, a convertible security is:
1) a convertible bond within the meaning provided for in § 241 of the Commercial Code;
2) a convertible bond which may be exchanged only for a share of a subsidiary of the issuer – exchangeable debt security;
3) a debt security with warrants consisting of a redeemable bond and the right to acquire a share to be issued (warrant).
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(5) For the purposes of this Act, an equity security is:
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
1) any security specified in clause (1) 1) of this section;
2) any freely transferable subscription right, convertible security or derivative security which grants the right to acquire securities specified in clause (1) 1) of this section by way of exchange or exercise of another right if

the issuer of the security to be issued is the issuer of securities which are the underlying assets of the security or belongs to the consolidation group of the issuer.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(6) For the purposes of this Act, a non-equity security is any other security not specified in subsection (5) of this section.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(7) For the purposes of this Act, securities issued in a continuous or repeated manner means issues on tap or at least two separate issues of securities of a similar type in a period of 12 months.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(8) For the purposes of this Act, bills of exchange, cheques and other means of payment, except bills of exchange secured by a credit institution deemed to be money market instruments, are not deemed to be securities.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(9) Derivative securities and derivative contracts are derivative instruments.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(10) For the purposes of this Act, a derivative contract is a contract providing for a right or obligation to acquire, exchange or transfer:
1) which is assumable or non-assumable by a third person with the consent of a party;
2) the underlyings of which are securities specified in subsection (1) of this section or the price of which depends directly or indirectly on the circumstances provided for in subsection (3) of this section.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(11) In Parts 3 and 4 of this Act, "security" includes only the following derivative contracts:
1) option contracts, futures contracts, swaps, interest rate contracts and other derivative contracts related to securities, currency, interest rate or an emission allowance or other derivative instruments and derivative contracts related to financial indices or financial indicators which may be settled physically, in cash or in cash under the right of option or in the case of which physical settlement can be replaced by settlement in cash;
2) option contracts, futures contracts, swaps, forward contracts and other derivative contracts related to commodities which must be settled in cash, in cash under the right of option or the settlement of which can be replaced by settlement in cash;
3) option contracts, futures contracts, swaps and other derivative contracts related to commodities admitted to trading on a trading venue which can be physically settled, except for wholesale energy products admitted to trading on an organised trading facility that must be physically settled;
4) option contracts, futures contracts, swaps, forward contracts and other derivative contracts related to commodities which are not specified in clause 3) of this subsection and not established for commercial purposes, but which have the characteristics of derivative instruments;
5) derivative instruments for transfer of credit risks;
6) contracts for difference;
7) option contracts, futures contracts, swaps, interest rate contracts and derivative contracts related to climatic variables, freight rate, inflation rate, or other official economic statistics which must be settled in cash, in cash under the right of option or the settlement of which can be replaced by settlement in cash, also other derivative contracts related to assets, rights, obligations, indices and circumstances not specified in this section which have the characteristics of derivative instruments or which are admitted to trading on a trading venue;
8) emission allowances.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(12) Detailed features of derivative instruments have been provided for in Articles 7 and 8 of Commission Delegated Regulation (EU) 2017/565.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 3. Trading venue

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) A trading venue is a regulated securities market, multilateral trading facility and organised trading facility.

(2) A regulated securities market (hereinafter *regulated market*) is a multilateral system of organisational, legal and technical measures operated or managed in Estonia or in another Contracting Party to the EEA Agreement (hereinafter *Contracting State*) and supervised by the Contracting State, which has been established for the purpose of enabling continuous and regular trade with securities admitted to trading there and which brings together the non-simultaneous or simultaneous interests of different people for acquisition and transfer of securities under non-discretionary conditions, which result in a contract. A regulated market is only managed or operated by an operator of the regulated market.

(3) A multilateral trading facility is a multilateral system which brings together the non-simultaneous or simultaneous interests of different people for acquisition and transfer of securities under non-discretionary

conditions in a way that results in a contract. A multilateral trading facility may be operated by an operator of the regulated market or an investment firm.

(4) An organised trading facility is a multilateral system which is not a regulated market or a multilateral trading facility and which brings together the interests of different people for acquisition and transfer of securities specified in clauses 2 (1) 2), 6) and 8) of this Act or structured finance products within the meaning of Article 2(1)(28) of Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84–148) in a way that results in a contract. An organised trading facility may be operated by an operator of the regulated market and an investment firm.

(5) A multilateral system not specified in this section may only be operated pursuant to the provisions of Chapters 14–18 of this Act concerning the operation of a regulated market or Chapter 18[1] concerning the operation of a multilateral trading facility or an organised trading facility.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 4. Securities market participant

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 5. Issuer

(1) For the purposes of this Act, an issuer is a legal person who has issued securities or has assumed an obligation to issue securities.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) For the purposes of Chapter 20 of this Act, an issuer shall mean in addition to provisions of subsection (1) of this section:
1) a natural person or pool of assets of another Contracting State who has issued securities or has assumed an obligation to issue securities;
2) in case of depositary receipts representing shares, the issuer of shares on the basis of which such depositary receipts are issued.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

§ 5[1]. Offeror

For the purposes of this Act, an offeror means a person defined in Article 2(i) of Regulation (EU) 2017/1129 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12–82).
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 5[2]. Person asking for admission to trading

A person asking for admission to trading for the purposes of this Act shall mean a person who applies for the admission of securities to trading on a regulated market or at whose request securities have been admitted to trading on a regulated market, including without the issuer's consent.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

§ 6. Investor

(1) For the purposes of this Act, an investor is a person who owns a security or who has assumed an obligation to acquire securities.

(2) For the purposes of this Act, each of the following is a qualified investor:
1) a credit institution, investment firm, management company, investment fund, insurance undertaking and another financial institution subject to financial supervision;
2) the Republic of Estonia, a foreign state, a regional government or the central bank of Estonia or a foreign state;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
3) an international institution or organisation, including the International Monetary Fund, the European Central Bank, and the European Investment Bank;
4) a financial institution whose only business activity is investment in securities, a market trader in commodities and commodity derivatives;
5) a large enterprise;
6) another professional client not specified in clauses 1)–5) of this subsection or an eligible counterparty pursuant to the provisions of §§ 46 and 46[1] of this Act or a person who is considered a professional client or an

eligible counterparty pursuant to the current legislation of another Contracting State, excluding the case when the client has applied for being treated as a retail client.
[RT I, 28.06.2012, 5 - entry into force 01.07.2012]

(2[1]) A large enterprise for the purposes of the Act is a company which meets at least two of the following conditions:
1) the balance sheet total thereof is equal to or exceeds 20 million euros;
2) the net turnover thereof is equal to or exceeds 40 million euros;
3) the equity thereof is equal to or exceeds 2 million euros.
[RT I, 28.06.2012, 5 - entry into force 01.07.2012]

(2[2]) For determining a qualified investor by an issuer or an offeror, investment firms and credit institutions shall provide the information concerning the treatment of their client as a professional client or an eligible counterparty to the issuer or the offeror at the request of the latter unless otherwise provided by the Personal Data Protection Act.
[RT I, 28.06.2012, 5 - entry into force 01.07.2012]

(3) [Repealed - RT I, 28.06.2012, 5 - entry into force 01.07.2012]

(4) [Repealed - RT I, 28.06.2012, 5 - entry into force 01.07.2012]

§ 6[1]. Market maker

For the purposes of this Act, a market maker is a person who is permanently ready to deal in securities on own account for a price determined in its purchase and sales offer.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 7. Professional securities market participant

(1) Each of the following is a professional securities market participant:
1) an investment firm;
2) a credit institution;
2[1]) a management company;
[RT I 2007, 58, 380 - entry into force 19.11.2007]
3) an operator of the regulated market;
4) an operator of a securities settlement system;
5) other persons prescribed by law.

(2) [Repealed - RT I 2005, 59, 464 - entry into force 15.11.2005]

§ 7[1]. Offering programme

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 7[2]. Regulated information

For the purposes of this Act, regulated information means all the information which an issuer or person asking for admission to trading is required to disclose pursuant to the provisions of Chapter 20 of this Act and Article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ L 173, 12.6.2014, p. 1–61).
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 8. Supervision of securities market

The Financial Supervision Authority (hereinafter *Supervision Authority*) shall exercise supervision over compliance with this Act and legislation specified in subsection 230 (1) of this Act.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 8[1]. Consolidation group

A consolidation group is a consolidating entity together with one or more consolidated entities within the meaning of § 27 of the Accounting Act.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 8[2]. Control relationships and close links

(1) In Part 3 and Chapters 14–18[1] of this Act “control relationships” means the relations between a parent undertaking and a subsidiary provided for in subsections 27 (1) and (2) of the Accounting Act.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) In Part III and Chapters 14–18[1] of this Act "close links" means a situation where at least two persons are linked:
1) by a holding where at least 20 per cent of the share capital or votes determined by shares is held in a company or other legal person;
2) by a control relationship within the meaning of subsection 1 of this section.

(3) A situation in which two or more persons are permanently linked to one and the same person by a control relationship shall also be regarded as constituting a close link.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 9. Qualifying holding

(1) For the purposes of this Act, a qualifying holding means any direct or indirect holding in the share capital of a company which represents 10 per cent or more of the share capital of the company, of all rights related thereto or of the voting rights in the company or which makes it possible to exercise a significant influence over the management of the company in which that holding subsists.

(2) Holding is direct if a person holds or exercises it personally.

(3) Holding is indirect if:
1) a person holds or exercises it together with one or several controlled companies;
2) it is held or exercised by one or several companies controlled by a person;
3) it is held or exercised by a person or a company controlled by the person upon agreement with a third party;
4) the voting rights arising therefrom are deemed to belong to a person.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 10. Controlled company and ownership of voting rights

(1) For the purposes of this Act, a company controlled by a person is a company which meets at least one of the following conditions:
1) the person holds the majority of the votes represented by shares in the company or holds the majority of the votes as a general partner or limited partner;
2) the person who is a general partner or limited partner of the company has the right to appoint or remove the majority of members of the supervisory board or management board of the company;
3) the person who is a general partner, a limited partner, a partner or a shareholder of the company controls alone the majority of votes pursuant to the agreement entered into with other general partners, limited partners, partners or shareholders.
4) a person exercises or has the power to exercise dominant influence or control over a company.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) Voting rights held by a controlled company and the right thereof to appoint or remove a majority of the members of the supervisory or management board of the company and the corresponding voting rights held on the account of the person or company controlled thereby, and held by a third person acting in its own name and the right thereof to appoint or remove the majority of members of the supervisory board or management board of the company are deemed to belong to the person upon application of clause (1) 2) of this section.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(3) Upon determination of voting rights, the following are deemed to belong to a person:
1) votes held personally by the person;
2) voting rights managed by a third party for the person in the person's own name;
3) votes held by a company controlled by the person;
4) votes held by a third party with whom the person has entered into an agreement which obliges the parties to use concerted voting to adopt a continuous common policy towards the management of the corresponding company;
[RT I 2007, 58, 380 - entry into force 19.11.2007]
5) voting rights held by a third party and exercised on the basis of a written agreement providing for the temporary transfer of the voting rights to the person for a counter-performance, which is entered into by the third party;
[RT I 2007, 58, 380 - entry into force 19.11.2007]
6) votes represented by shares used as collateral, except if the person who receives the collateral (temporary holder of shares) has the right to exercise voting rights arising from the shares and has not waived the right in favour of the person;
7) votes represented by shares encumbered for the benefit of a third party, except if the person for whose benefit the shares are encumbered has the right to exercise voting rights arising from the shares and has not waived the right in favour of the person;
8) votes represented by shares granted to the person as a collateral or encumbered for the benefit of the person, if the person has the right to exercise voting rights arising from the shares and the person has not waived the right;

9) voting rights represented by issued shares which a person has the right to acquire irrevocably or under the right of option on the due date for the exercise of rights or performance of obligations arising from the securities held by him or her directly or indirectly and on the basis of a binding arrangement pursuant to the law applicable thereto;
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

9[1]) voting rights represented by shares held by a person directly or indirectly and issued by an issuer and by securities with similar economic effect to holding or entitlements to acquire such shares;
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

10) voting rights represented by shares deposited with the person, which the person may exercise at the discretion thereof, unless the actual holders of the corresponding shares have given instructions for the exercise of voting rights;

11) voting rights represented by shares encumbered with a commercial lease for the benefit of the person;
[RT I 2007, 58, 380 - entry into force 19.11.2007]

12) voting rights, which the person may exercise at the discretion thereof and pursuant to authorisation granted to him or her, unless the shareholders have given specific instructions.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(4) For the purposes of subsection (3) of this section, the acquisition of votes represented by shares also includes:

1) the exchange of a convertible security for a share granting voting rights;

2) the right to acquire voting rights arising from the shares stated in the certificate of subscription upon acquisition of the shares;

3) the acquisition of voting rights by an owner of preferred shares.

(5) The securities specified in clauses (3) 9) and 9[1]) of this section are deemed to be securities specified in clauses 2 (1) 1)–3), 6) and 7) of this Act and any contracts that can be settled physically or in cash.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

§ 10[1]. Other terms used in the Act

The terms not defined in this Act shall be used within the meaning of Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.06.2013, p. 1–337).
[RT I, 09.05.2014, 2 - entry into force 19.05.2014]

Part 2
OFFER OF SECURITIES

[RT I 2005, 59, 464 - entry into force 15.11.2005]

Chapter 2
GENERAL PROVISIONS

§ 11. Offer of securities

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 12. Offer of securities to the public

For the purposes of this Act, an offer of securities to the public means an offer defined in Article 2(d) of Regulation (EU) 2017/1129 of the European Parliament and of the Council.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 13. Issue of securities

(1) For the purposes of this Act, an issue of securities is a pool of securities of the same type issued on the basis of a single decision by the issuer (hereinafter *issue*).

(2) The issue of securities on the basis of a single decision but at different times (as a series) is deemed to be one issue. In the framework of one issue, non-equity securities may be issued as a series in such way that the total nominal value or book value of the issued or non-redeemable securities does not exceed the volume of the issue.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 13[1]. Home Contracting State

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 13[2]. Host Contracting State

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 14. Application of this Part

(1) This Part shall apply to securities specified in Article 2(a) of Regulation (EU) 2017/1129 of the European Parliament and of the Council, taking also into account the exemptions provided by Article 1 of the same Regulation.

(2) The provisions of Chapters 3–6 of this Act regarding securities are not applicable to the exemptions provided by Article 1 of Regulation (EU) 2017/1129 of the European Parliament and of the Council and to the following securities:
1) securities which are issued by the Guarantee Fund, the Estonian Unemployment Insurance Fund or the Estonian Health Insurance Fund;
2) deposit certificates specified in subsection 24 (3) of the Guarantee Fund Act, which are issued in a continuous or repeated manner, which are guaranteed by a deposit guarantee scheme of the Contracting State, which are not subordinated, convertible, replaceable, which do not grant the right to acquire or exchange securities of a different type and are not underlying assets for derivative instruments.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 14[1]. Prospectus

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 14[2]. Base prospectus

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 14[3]. Validity of prospectus

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

Chapter 3
PUBLIC OFFER PROSPECTUS

§ 15. Making prospectus public

(1) Unless otherwise provided by Article 1 of Regulation (EU) 2017/1129 of the European Parliament and of the Council or by subsection 14 (2) of this Act, a prospectus pertaining to the offer of securities to the public in Estonia shall be made public in connection with the offer pursuant to the procedure provided by Regulation (EU) 2017/1129 of the European Parliament and of the Council and subsidiary legislation thereof, which complies with the requirements established therein, provided that the total consideration of the offer of securities to the public is more than 2,500,000 euros per all the Contracting States in total calculated in a one-year period of the offer of the securities.

(2) Persons specified in Article 8(1) of Regulation (EU) 2017/1129 of the European Parliament and of the Council may choose to draw up a base prospectus specified in the same Article under the terms set out in the same Article when securities are offered to the public.

(3) Persons specified in Article 14(1) of Regulation (EU) 2017/1129 of the European Parliament and of the Council may choose to draw up a simplified prospectus specified in the same Article under the terms set out in the same Article when securities are offered to the public by means of secondary issuances.

(4) Persons specified in Article 15(1) of Regulation (EU) 2017/1129 of the European Parliament and of the Council may choose to draw up a Growth prospectus specified in the same Article under the terms set out in the same Article when securities are offered to the public.

(5) The Supervision Authority shall notify the European Securities and Markets Authority of the approval of a prospectus or any supplement thereto as soon as possible, but not later than by the end of the working day following the notification of the applicant, providing the European Securities and Markets Authority also with the following:
1) an electronic copy of the prospectus and any supplement thereto, as well as the data necessary for its classification by the European Securities and Markets Authority in the storage mechanism referred to in Article 21(6) of Regulation (EU) 2017/1129 of the European Parliament and of the Council, and

2) data necessary for the report referred to in Article 47 of Regulation (EU) 2017/1129 of the European Parliament and of the Council.

(6) Where securities are subject to offer in Estonia with a total consideration of 2,500,000–8,000,000 euros calculated in a one-year period of the offer of the securities, the minister responsible for the area shall establish by a regulation the specific requirements for prospectuses.

(7) In case of offering the securities specified in subsection (6) of this section, the prospectus shall be drawn up and made public pursuant to the requirements established for prospectuses by Regulation (EU) 2017/1129 of the European Parliament and of the Council or the requirements established for prospectuses by the regulation specified in subsection (6) of this section, taking into account the procedure prescribed for approval of prospectuses by Regulation (EU) 2017/1129 of the European Parliament and of the Council. The prospectus complying with the requirements established by the regulation specified in subsection (6) of this section is not subject to the cross-border recognition of a prospectus established by Article 24(1) of Regulation (EU) 2017/1129 of the European Parliament and of the Council.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 16. Obligation to register or give notification

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 17. Exceptions

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 18. Application for registration

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 19. [Repealed - RT I 2005, 59, 464 - entry into force 15.11.2005]

§ 19^{1}. Transfer of registration

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 20. Registration of prospectus

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 21. Refusal to register

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 22. [Repealed - RT I 2005, 59, 464 - entry into force 15.11.2005]

§ 23. Supplement to prospectus

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 24. Approval of prospectus

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 25. Obligation to compensate

(1) If the prospectus contains information which is significant for the purpose of assessing the value of the securities and such information proves to be different from the actual circumstances, the issuer, offeror or any other person specified as a responsible person in the prospectus of the security shall compensate the owner of the security for damage sustained thereby due to the difference between the actual circumstances and the information presented in the prospectus, provided that the issuer, offeror or any other person specified as a responsible person in the prospectus of the security was or should have been aware of such difference.

(2) The provisions of subsection (1) of this section also apply if the prospectus is incomplete due to the omission of relevant facts, provided that the incompleteness of the prospectus results from the hiding of the facts by the issuer, offeror or any other person specified as a responsible person in the prospectus of the security.

(2^{1}) The provisions of subsection (1) of this section apply to the summary of a separate prospectus, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus.

(3) The obligation to compensate for damage provided by subsection (1) of this section also rests with the issuer, offeror or any other person specified as a responsible person in the prospectus of the security if a third party is the source of the information presented in the prospectus.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 26. Level of compensation

(1) A person who causes damage prescribed in § 25 of this Act has the right to compensate for the damage by acquiring the security from the person that sustained the damage for the price that the latter paid to acquire the offered security. By acquiring securities in this manner from the person that sustained the damage, the person causing the damage is released from the obligation to compensate for any other damage to the person that sustained the damage.

(2) An issuer, offeror or any other person specified as a responsible person in the prospectus of the security shall not have the obligation to compensate for damage on the basis of § 25 of this Act if the person that sustained the damage was aware, at the moment of acquiring the security, that the prospectus which was the basis for the offer was incomplete or contained inaccurate information.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 27. Limitation period

The limitation period for a claim prescribed in § 25 of this Act is five years as of the beginning of the offer of the relevant security on the basis of a prospectus which contains inaccurate information or is incomplete.

§ 28. Agreement to limit liability

Any agreements which exclude, limit or reduce compensation or the limitation period prescribed in §§ 25–27 of this Act shall be null and void.

Chapter 4
ANNOUNCEMENT AND EXECUTION OF OFFERS

§ 29. Announcement of offer

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 30. Notice of offer

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 31. Requirements for advertising

Any advertisement relating to an offer shall comply with the requirements provided by Article 22 of Regulation (EU) 2017/1129 of the European Parliament and of the Council and the Advertising Act.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 32. Language

(1) A notice of an offer, the prospectus, supplements to the prospectus and other documents and notices relating to the issuer and the securities offered shall be prepared and published in the language arising from the requirements established by Article 27 of Regulation (EU) 2017/1129 of the European Parliament and of the Council.

(2) In the case of a prospectus registered with the Supervision Authority, the documents and notices specified in subsection (1) of this section shall be prepared and published in Estonian or in English or in another language with the permission of the Supervision Authority, provided that the interests of investors are not damaged. Where the prospectus specified in the first sentence of this subsection is not prepared and published in Estonian, the translation of the prospectus into Estonian shall also be prepared and published if the securities are offered in Estonia.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 33. Obligations of issuer or offeror

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 34. [Repealed - RT I 2005, 59, 464 - entry into force 15.11.2005]

§ 35. Obligation to repurchase

(1) If an issuer or an offeror who offers securities to the public in Estonia makes a supplement to a prospectus public during the period of the offer, the issuer or the offeror is required:
[RT I, 28.06.2012, 5 - entry into force 01.07.2012]
1) to cancel the subscription at the request of subscribers for securities and to return the funds received as a result of the subscription to the subscribers;
2) to repurchase the securities offered from investors requesting it at least for the purchase price paid upon subscription.

(1^1) The obligations provided by subsection (1) of this section apply to issuers or offerors also if the approved and published prospectus does not include the final offer price and amount of securities offered or the maximum price of securities and the criteria in accordance with which the final price and amount of securities offered are determined.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

(2) A claim to cancel the subscription or repurchase the securities on the grounds prescribed in subsection (1) or (1^1) of this section shall be filed with the issuer or the offeror during the term of the offer prescribed in the notice of the offer which shall not be shorter than two working days as of making the supplement to the prospectus or final information on the offer price and amount of securities public if any new significant circumstances, mistakes or inaccuracies relating to the information included in the prospectus became known before the final closing of the offer to the public and the transfer of the securities. The issuer or the offeror may extend the term.
The final date of the right of cancellation shall be specified in a supplement to the prospectus.
[RT I, 28.06.2012, 5 - entry into force 01.07.2012]

(3) The funds received as a result of the subscription provided for in this section shall be returned or the securities shall be repurchased within ten working days as of the receipt of the claim specified in subsection (2) of this section. The issuer or the offeror shall notify the Supervision Authority of any claims filed against the issuer or the offeror or the return of the funds received as a result of the subscription or the repurchase of the securities within one working day. Any expenses related to the return of the repurchase shall be borne by the issuer or the offeror.
[RT I, 28.06.2012, 5 - entry into force 01.07.2012]

§ 36. Suspension of offer

(1) If the home Contracting State of the issuer is Estonia, the Supervision Authority has the right to request, by its precept, that the offer of securities to the public be terminated or suspended if:
1) the requirements of this Act and legislation established on the basis thereof or other legislation concerning the public offer are violated or there is reason to believe that the specified requirements are violated;
2) the terms and conditions of the offer as prescribed in the prospectus have not been complied with;
3) the information submitted upon registration of the prospectus has been rendered inaccurate to a significant extent.

(2) When suspending an offer, the Supervision Authority shall issue a precept to oblige the issuer or the offeror to eliminate the circumstances causing the suspension of the offer. While eliminating such circumstances, the issuer or the offeror may resume the offer with the permission of the Supervision Authority.
[RT I, 28.06.2012, 5 - entry into force 01.07.2012]

(3) [Repealed - RT I 2005, 59, 464 - entry into force 15.11.2005]

(4) With the prior consent of the Supervision Authority, the issuer or the offeror may suspend the offer.
[RT I, 28.06.2012, 5 - entry into force 01.07.2012]

(5) The offer shall be suspended for a term determined by the Supervision Authority but for a maximum of ten consecutive working days. If the offer is not resumed after this term, the issuer or the offeror is required to cancel the subscription and return the funds received as a result of the subscription to the subscribers within ten working days as of the expiry of the term.
[RT I, 28.06.2012, 5 - entry into force 01.07.2012]

(6) The issuer or the offeror shall immediately inform the public of the suspension or resumption of the offer or the cancellation of the subscription at least in the same national daily newspaper in which the notice of the offer was published. The Supervision Authority shall publish the precept specified in subsection (1) of this section and the consent specified in subsection (4) of this section on its website pursuant to the procedure provided on the basis of subsection 237 (3) of this Act.
[RT I, 28.06.2012, 5 - entry into force 01.07.2012]

Chapter 5

OFFERS BY FOREIGN ISSUERS

§ 37. Application for registration

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 38. [Repealed - RT I 2005, 59, 464 - entry into force 15.11.2005]

Chapter 6
OFFERS IN FOREIGN STATES

§ 39. Obligation to notify of offer in third country

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 39[1]. Offer in Contracting State

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

Part 3
INVESTMENT FIRMS

Chapter 7
GENERAL PROVISIONS

§ 40. Investment firm

(1) For the purposes of this Act, an investment firm is a public limited company whose permanent activity is the provision of one or more investment services to third parties or the performance of one or more investment activities on a professional basis. An investment firm is a financial institution within the meaning of § 5 of the Credit Institutions Act. An investment firm is not deemed to be a financial institution within the meaning of point (26) of Article 4(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council.
[RT I, 10.01.2019, 1 - entry into force 20.01.2019]

(2) An investment firm may engage in activities not specified in subsection (1) of this section only in cases prescribed by law or if such activities are directly necessary for the provision of investment services or ancillary services to investment services.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) [Repealed - RT I 2007, 58, 380 - entry into force 19.11.2007]

(4) The reorganisation of credit institutions operating in several states provided for in Chapter 10[1] of the Credit Institutions Act shall apply also to investment firms, including their branches located in other Contracting State. An investment firm shall have the meaning of a credit institution provided for in Chapter 10[1] of the Credit Institutions Act.
[RT I, 19.03.2015, 3 - entry into force 29.03.2015]

§ 41. Protection of name

Only investment firms may use the word "investment firm" [investment firm] or derivatives or foreign language equivalents thereof in their business names.

§ 42. [Repealed - RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 43. Investment services and activities

(1) For the purposes of this Act, investment services and activities (hereinafter *investment services*) are:
1) reception and transmission of orders related to securities;
2) execution of orders related to securities in the name of or for the account of the client;
3) dealing in securities on own account;
4) securities portfolio management;

5) provision of investment advice;
6) guarantee of securities or guarantee of the offer, issue or sale of securities;
7) organising an offer or issue of securities;
8) operation of a multilateral trading facility;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
9) operation of an organised trading facility.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) The content of the investment service specified in clause (1) 2) of this section is any act for entry into a contract or entry into a contract in the name of or for the account of the client in order to acquire or transfer securities, including securities issued by an investment firm at the moment of their issuance.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) The content of the investment service specified in clause (1) 3) of this section is conducting a securities transaction against proprietary capital.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(4) The content of the investment service specified in clause (1) 4) of this section is management of a portfolio including one or more securities in accordance with a mandate given by the client, on a discretionary basis and separately for each client.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(5) The content of the investment service specified in clause (1) 5) of this section is making personal recommendations to clients concerning transactions related to securities within the meaning of Article 9 of Commission Delegated Regulation (EU) 2017/565.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(6) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 44. Ancillary services to investment service

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
Ancillary services to an investment service (hereinafter *ancillary service*) are:
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
1) safekeeping and administration of securities for a client and activities related thereto, including receipt of securities transfer and pledge orders and other orders related to the encumbrance of financial securities from clients and forwarding or execution thereof, except services specified in point (2) of Section A of the Annex to Regulation (EU) No 909/2014 of the European Parliament and of the Council on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1–72);
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
2) grant of a credit or loan to an investor to conduct securities transactions on the condition that the creditor or lender itself is related to the transaction;
3) provision of advice to undertakings on capital structure, business strategy and related matters and advice and service relating to mergers of undertakings and participation therein;
4) provision of foreign exchange services where these are connected with the provision of investment services;
5) preparation or provision of recommendations on investment and financial analysis or other general recommendations in connection with securities transactions;
6) services related to the guarantee of the offer or issue of securities;
[RT I 2007, 58, 380 - entry into force 19.11.2007]
7) provision of other investment services and ancillary services in connection with the derivative instruments specified in clause 2 (11) 2), 3), 4), 7) or 8) of this Act if the securities are connected with the provision of investment services or ancillary services.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 45. Provision of investment services

Investment services may be provided as a permanent activity only by:
1) an investment firm, a branch of a foreign investment firm or cross-border by a foreign investment firm pursuant to this Act;
2) a credit institution or a branch of a foreign credit institution or cross-border by a foreign credit institution pursuant to this Act and the Credit Institutions Act;
3) a management company, a branch of a foreign management company or cross-border by a foreign management company pursuant to this Act and the Investment Funds Act;
4) an operator of a regulated market pursuant to this Act.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 46. Client of investment firm

(1) Within the meaning of Part 3 of this Act, a client of an investment firm is any person to whom an investment firm provides investment services or ancillary services. A potential client of an investment firm is a

person to whom it is wished to provide investment services or ancillary services, but with whom no contractual relations have been entered into (hereinafter *potential client*).
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) A professional client of an investment firm is a person specified in clauses 6 (2) 1)–5) of this Act.
[RT I, 28.06.2012, 5 - entry into force 01.07.2012]

(3) A person not specified in subsection (2) of this section shall be deemed to be a retail client.
[RT I, 28.06.2012, 5 - entry into force 01.07.2012]

(4) A professional client may apply for being treated as a retail client, if the professional client finds that he or she is unable to assess or manage sufficiently the risks related to the services and transactions. In such case it is not presumed that he or she is as highly knowledgeable in the securities market as a professional client.

(5) In order to treat a professional client as a retail client on the initiative of the client, the investment firm shall enter into a written contract with the client which shall set out with regard to which services, transactions or securities the professional client shall be treated as a retail client.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

(6) A retail client may apply for being treated as a professional client, if the retail client finds that he or she has sufficient experience, knowledge and expertise for making investment decisions and for adequate assessment of the risks related thereto. An investment firm is required to assess the abovementioned circumstances and upon assessment the investment firm shall take account of the nature of the planned transactions and services.

(7) An investment firm may assess the expertise, experiences and knowledge of a client on the basis of the requirements set for the managers of credit institutions and other financial institutions subject to financial supervision. In case of companies which are not large enterprises for the purposes of this Act, the person holding the right of representation, which is necessary for the conclusion of transactions, shall be assessed pursuant to the provisions of this section.
[RT I, 28.06.2012, 5 - entry into force 01.07.2012]

(8) Upon the assessment specified in subsections (6) and (7) of this section at least two of following conditions shall be complied with:
1) the client has on average concluded ten transactions of a significant size on securities markets per quarter over the last four quarters;
2) the volume of the securities portfolio of the client exceeds 500,000 euros;
3) the client works or has worked for at least one year in the financial sector in a position or office which requires knowledge of securities investment.
[RT I, 28.06.2012, 5 - entry into force 01.07.2012]

(9) An investment firm is required to take all necessary measures to guarantee that a retail client complies with the conditions specified in subsections (6)–(8) of this section before a decision is made to treat the retail client as a professional client and an retail client may be treated as a professional client only if all the following conditions are complied with:
1) the client shall provide written confirmation to the investment firm that he or she wishes to be treated as a professional client generally or in connection with a concrete investment service or transaction or type of transaction or service;
2) the investment firm shall present the client a written explanation concerning the rights which the client may lose when treated as a professional client;
3) the client shall provide written confirmation that he or she is aware of the rights which he or she will lose as a result of being treated as a professional client.

(10) If a client is already treated as a professional client on the basis of the characteristics specified in subsections (6)–(9) of this section and simultaneously on the basis of equivalent characteristics and procedure, the procedure arising from subsections (6)–(9) of this section does not affect the relationship between the client and the investment firm.

(11) An investment firm is required to establish written procedures for treating clients.

(12) A professional client is required to notify the investment firm of any changes which may affect the treatment of the client as a professional client. If it becomes known to the investment firm that a client treated as a professional client does not comply with the conditions provided for in this section any more, the investment firm shall apply the provisions of retail clients to the client in accordance with the changed circumstances.

(13) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(14) Non-compliance with the formal requirements provided for in this section shall not render a contract void.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 46[1]. Transactions with eligible counterparties

(1) Upon conclusion of transactions with eligible counterparties and provision of ancillary services directly relating to those transactions, an investment firm authorised to provide investment services specified in clause 43 (1) 1), 2), or 3) of this Act is not subject to provisions of subsections 79[1](2) and (4), clauses 85 (1) 1), 5)–7) and 9), §§ 85[2]and 85[4]–85[7], subsections 86 (1), (2) and (5) and §§ 87[1]–87[5]. When complying with the obligation provided for in clause 85 (1) 1) and subsection (86) (2) of this Act, an investment firm may take into account the nature of the eligible counterparty and of its business.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) For the purposes of this Act, an eligible counterparty is a person specified in clauses 6 (2) 1), 2) and 3) of this Act.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) An investment firm may, with the consent of a professional client, treat the client as an eligible counterparty. In such case the investment firm shall explain to the client thoroughly the consequences of such change in the status before the professional client is treated as an eligible counterparty.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) An eligible counterparty has the right to demand that the investment firm treat the counterparty as another type of client generally or with regard to a concrete transaction. In such case, subsection (1) of this section does not apply to the investment firm and the client.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(5) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(6) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 47. Application of this Part

(1) Part III of this Act does not apply to:
1) an insurance undertaking holding an authorisation of a Contracting State;
2) a person providing investment services only to a person belonging to the same group;
3) a person providing investment services where these services are provided in an incidental manner in the course of a professional activity and that activity is regulated by legislation or a code of ethics governing the profession which do not exclude the provision of an investment service;
4) a person dealing on own account in securities other than commodity derivatives, emission allowances or derivatives thereof and not providing any other investment services in such other securities;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
5) the Guarantee Fund or any other person providing an investment service confined to the management of a pension or compensation system with participation of the employees;
6) a person providing investment services confined to the management of a pension or compensation system with participation of the employees and provision of an investment service only to a person belonging to the same group;
7) Eesti Pank and any other central bank of a Contracting State, the Ministry of Finance and the debt manager of a Contracting State, established under public law or other such type of person or agency, and an international financial institution established by two or more Contracting States which has the purpose of mobilising funding and providing financial assistance to the benefit of their members where necessary;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
8) investment funds, including pension funds and a depositary of such funds and a management company in connection with the management of the investment fund, unless otherwise provided by law;
9) a person dealing on own account, including as a market maker, but not for the purpose of executing client orders, in commodity derivatives, emission allowances or derivatives thereof or providing other investment services in such securities to the clients or other persons of their main activity with whom the person has initial contractual relationship or any other legal relationship through the transaction related to such main activity;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
10) a person providing investment advice in the course of providing another professional activity not regulated by this Act, provided that the provision of such advice is not specifically remunerated;
11) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]
12) [Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]
13) offers of units of a pension fund and the transactions and acts performed in relation to them;
14) an operator of an emission source and an aircraft operator within the meaning of the Atmospheric Air Protection Act dealing on own account in emission allowances provided that the person does not execute client orders, provide any investment services or apply a high-frequency algorithmic trading technique;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
15) a transmission system operator within the meaning of the Electricity Market Act and a system operator within the meaning of the Natural Gas Act when carrying out their tasks under the Natural Gas Act, Electricity Market Act, Regulation (EC) No 714/2009 of the European Parliament and of the Council on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003 (OJ L 211, 14.8.2009, p. 15–35) and Regulation (EC) No 715/2009 of the European Parliament and of the Council on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No

1775/2005 (OJ L 211, 14.8.2009, p. 36–54) or legislation established on the basis thereof and a person acting on their behalf to carry out their tasks under the legislation specified in this clause, and a system operator or balance provider within the meaning of the Electricity Market Act and the Natural Gas Act whose task is to ensure balance if carrying out the tasks specified in this clause presumes the provision of investment services relating to commodity derivatives;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
16) a central securities depository within the meaning of point (1) or (2) of Article 2(1) of Regulation (EU) No 909/2014 of the European Parliament and of the Council holding the relevant authorisation under the conditions provided for in Article 73.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1^1) The exemption provided for in clause (1) 4) of this section does not apply to a person who:
1) is a market maker;
2) is a member of or participant in a regulated market or a multilateral trading facility, except such member of or participant in a regulated market or a multilateral trading facility that is not a credit or financing institution and that concludes such transactions on a trading venue which are objectively measurable as reducing risks directly relating to the commercial activity or treasury financing activity of the person or another person belonging to the same consolidation group as the person;
3) has direct electronic access to a trading venue, except a person having access that is not a credit or financing institution and that concludes such transactions on a trading venue which are objectively measurable as reducing risks directly relating to the commercial activity or treasury financing activity of the person or another person belonging to the same consolidation group as the person;
4) applies a high-frequency algorithmic trading technique; or
5) deals on own account when executing client orders.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1^2) The exclusion of application of the exemption provided for in subsection (1^1) of this section does not apply to the exemption provided for in clauses (1) 1), 8) and 9).
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1^3) In order to apply clause (1) 9) of this section, all of the following conditions must be met:
1) for each of those cases individually and on an aggregate basis the activity of the persons or a service provided by the persons is an ancillary activity to their main business, when considered on a consolidation group basis;
2) the persons do not belong to a consolidation group, the main activity of which is the provision of investment services, the provision of financial services provided for in § 6 of the Credit Institutions Act or acting as a market-maker in relation to commodity derivatives;
3) the persons do not apply a high-frequency algorithmic trading technique;
4) the persons notify annually the Supervision Authority that they make use of this exemption and upon request substantiate the basis on which the persons consider that their activity or service specified in clause (1) 9) of this section is ancillary activity.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) [Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

(4) [Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

(4^1) The provisions of clause (1) 15) of this section do not apply to the operation of a secondary market, including a platform for secondary trading in financial transmission rights.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(5) The provisions of this Part relating to investment firms and the provision of investment services are applicable with respect to credit institutions, management companies and branches of foreign credit institutions and management companies in so far as this Act, the Credit Institutions Act and the Investment Funds Act do not provide otherwise.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(6) The provisions of §§ 82^{15}, $82^{16}$and 90 of this Act apply to persons specified in clauses (1) 1), 8), 9) and 14) of this section who are participants of regulated markets or multilateral trading facilities.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(7) The provisions of § 46^1, clause 54 (1) 14), subsections 79 (5)–(8), subsections 79^1(2) and (4), §§ 82^3, 82^4, $82^6$and 82^9–82^{14}, subsection 85 (1), §§ 85^1, 85^2, 85^4–87^6, $89^1$and 90, Chapter 13^1, Division 6 of Chapter 21 and

Part 6 of this Act also apply to selling or recommending investment risk deposits specified in subsection 89^1(2) of the Credit Institutions Act.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

Chapter 8
RIGHT TO OPERATE

Division 1
Authorisations

§ 48. Authorisation

(1) In order to operate as an investment firm, a person shall hold a relevant authorisation (hereinafter in this Part *authorisation*).

(2) Authorisations are granted for an unspecified term.

(3) Authorisations are not transferable, and the acquisition or use thereof by other persons is prohibited.

(4) A person shall ensure that an investment firm and activities thereof comply at all times with the conditions for grant of a valid authorisation and requirements provided for in legislation.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 49. Scope of authorisations

(1) An authorisation is granted for the provision of one or several investment services. An authorisation may include one or several ancillary services. No separate authorisation is granted to an investment firm for the provision of merely ancillary services.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) An investment firm may only provide those investment services and ancillary services for the provision of which it has been granted an authorisation. In order to provide investment services and ancillary services not specified in the authorisation, an investment firm shall apply for an additional authorisation.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 50. Authorisations of credit institution and management company

(1) A company which holds an authorisation of a credit institution need not apply for a separate authorisation for the provision of investment services and ancillary services.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) A company which holds an authorisation of a management company need not apply for a separate authorisation for the provision of a service provided for in clauses 43 (1) 4) and 5) and clause 44 1) of this Act pursuant to the procedure provided for in this Act.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 51. Decision

(1) An authorisation shall be granted or revoked by a decision of the Supervision Authority. Upon granting an authorisation, the Supervision Authority may establish more favourable secondary conditions to the applicant which, if it is justified, permit the applicant to derogate from the circumstances on the basis of which the authorisation is obtained or to extend the term provided for in § $55^1$of this Act in the course of which the applicant shall bring itself into conformity with the requirements on the basis of which the authorisation is granted.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) A decision regarding an authorisation shall at least set out:
1) the name and registry code of the person with regard to whom the decision is made;
2) the type or types of investment services or ancillary services with regard to which the decision is made;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
3) the date on which the decision is made and the date on which it enters into force.

(3) A decision refusing to grant or revoking an authorisation shall contain the justification therefor.

§ 52. Notification regarding decision

(1) The Supervision Authority shall immediately deliver a decision regarding the grant or refusal to grant an authorisation or the revocation of an authorisation to the investment firm.

(2) The Supervision Authority shall publish a decision to grant, amend or revoke an authorisation on its website not later than on the working day following the day the decision is made.

(3) In addition to the provisions of subsection (2) of this section, the Supervision Authority shall publish a decision regarding the revocation of an authorisation in at least one daily national newspaper.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 53. Application for authorisation

(1) In order to apply for an authorisation, the members of the management board of a company being founded or an operating company (hereinafter in this Division *applicant*) shall submit a corresponding application.

(2) An application shall consist of a written application and the supplements specified in § 54 of this Act.

(3) If, during the processing of an application for an authorisation, there are changes in the information or documents specified in subsection 54 (1) of this Act, the applicant shall promptly submit the corresponding updated information and documents to the Supervision Authority.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 54. Information submitted upon application

(1) Upon application for an authorisation, the applicant shall submit information and documents specified in the Commission Delegated Regulation issued on the basis of Article 7(4) of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349–496) and the following information and documents:
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
1) upon foundation of a company, a notarised transcript of the memorandum of association or foundation resolution;
2) a copy of the articles of association and, in the case of an operating company, the resolution of the general meeting on amendment of the articles of association, and the amended text of the articles of association;
3) a list of the shareholders of the applicant which sets out the name and the personal identification code or registry code of each shareholder, or the date of birth in the absence of a personal identification code or registry code, and information on the number of shares and votes to be acquired or owned by each shareholder;
4) information specified in subsection 74 (1) of this Act relating to shareholders and other persons, with a qualifying holding in the applicant and information specified in subsection 55 (7) of this Act relating to the relationship with an investment firm, credit institution, insurance undertaking or other person subject to financial supervision authorised in a Contracting State;
[RT I 2007, 58, 380 - entry into force 19.11.2007]
5) information on the members of the applicant’s managers, including, for each person, the name and surname, personal identification code or, in the absence thereof, date and place of birth, educational background, a complete list of places of employment and positions held during the last five years and, for the members of the board of management, a description of their areas of responsibility and other documents certifying the managers’ trustworthiness and conformity to the requirements of this Act which the applicant deems necessary to submit;
[RT I 2007, 58, 380 - entry into force 19.11.2007]
6) information on companies in which the holding of the applicant or its manager exceeds 20 per cent, which also sets out the amount of share capital, a list of the areas of activity and the size of the holding of the applicant and each manager;
7) information on the auditor and person(s) conducting the internal audit of the applicant, including the name, residence or registered office, personal identification code or, in the absence of the personal identification code, the date of birth or registry code;
8) the opening balance sheet of the applicant and an overview of the revenue and expenditure of the applicant or, in the case of an operating company, the balance sheet and income statement as at the end of the month prior to submission of the application and, if they exist, the last three annual reports;
9) in the case of an operating company, documents certifying the amount of own funds together with the sworn auditor’s reports;
[RT I 2010, 9, 41 - entry into force 08.03.2010]
10) if a credit institution, management company, investment fund, investment firm, insurance undertaking or another person subject to financial supervision of a third country has a qualifying holding in the applicant, confirmation from the supervision authority of the appropriate state to the effect that the specified person of a third country holds a valid authorisation and, according to the knowledge of the supervision authority, its activities are not contrary to legislation in force;
11) the applicant’s three-year business plan which sets out at least a description of the applicant's planned activities, organisational structure, places of business, information systems and other technical facilities, and a description of its economic indicators;
12) the accounting policies and procedures and the internal policies specified in § 82 of this Act or their drafts;
[RT I 2007, 58, 380 - entry into force 19.11.2007]

13) the rules of procedure specified in subsection 14 (1) of the Money Laundering and Terrorist Financing Prevention Act and the internal audit rules to monitor compliance therewith;
[RT I, 17.11.2017, 2 - entry into force 27.11.2017]
14) a document by which the applicant assumes the obligation to pay the single contribution to the Investor Protection Sectoral Fund prescribed in the Guarantee Fund Act;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
15) certification to the Supervision Authority concerning payment of the administrative fee.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(1^1) An applicant or manager of an investment firm shall be a member of the supervisory board and management board. The Supervision Authority may consider an employee of an applicant or investment firm or any other person who makes independent management decisions concerning the development or business of the applicant or investment firm as manager.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) The accuracy of information and documents submitted with regard to natural persons specified in clauses (1) 5) and 7) of this section shall be confirmed by the above-mentioned persons by their signatures.

(3) Upon application for an additional authorisation, an investment firm shall submit the information and documents specified in clauses (1) 3), 9), 10), 12) 13) and 15) of this section.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 55. Review of application

(1) If an applicant has failed to submit all the information and documents specified in § 54 of this Act or if such information or documents are incomplete or have not been prepared in accordance with the requirements, the Supervision Authority shall demand elimination of the deficiencies by the applicant.

(2) The Supervision Authority may demand the submission of additional information and documents if it is not convinced on the basis of the information and documents specified in § 54 of this Act as to whether the applicant has adequate facilities for the provision of investment services or whether it meets the requirements for investment firms prescribed by law or on the basis thereof.

(3) In order to verify the information submitted by an applicant, the Supervision Authority may perform on-site inspections, order assessment and a special audit, consult state databases, obtain oral explanations from the managers and auditors of the applicant, their representatives and, in the event of justified need, third parties concerning the content of documents and facts which are relevant in the making of a decision on the granting of an authorisation.

(4) The data referred to in subsections (1)-(3) of this section shall be submitted during a reasonable term determined by the Supervision Authority.

(4^1) The Supervision Authority may refuse to review an application if the applicant has failed to eliminate the deficiencies specified in subsection (1) of this section within the prescribed term or has not submitted the information or documents requested by the Supervision Authority by the end of the term. Upon refusal to review the application, the Supervision Authority shall return the submitted documents.

(5) [Repealed - RT I 2007, 58, 380 - entry into force 19.11.2007]

(6) [Repealed - RT I 2007, 58, 380 - entry into force 19.11.2007]

(7) Upon processing of an application for an authorisation, the Supervision Authority shall cooperate with the securities market or financial supervision authority of the corresponding Contracting State if:
1) the applicant is a subsidiary of a credit institution, investment firm, insurance undertaking or another person subject to financial supervision authorised in a Contracting State;
2) the applicant is a subsidiary of a parent undertaking of a credit institution, investment firm, insurance undertaking or another person subject to financial supervision authorised in a Contracting State;
3) the applicant is supervised by a person or persons supervising an investment firm, credit institution, insurance undertaking or other person subject to financial supervision authorised in another Contracting State.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(8) The Supervision Authority shall consult the securities market and financial supervision authorities of other Contracting States for assessment of the reputation, experience and suitability of the applicant and the persons having a qualifying holding and managers of a legal person belonging to the same consolidation group with such applicant. In the course of such a consultation the Supervision Authority shall forward only essential data concerning the reputation, experience and suitability of the applicant and the persons having a qualifying holding and managers of a legal person belonging to the same consolidation group with such applicant which are necessary for other securities market and financial supervision authorities related to granting an authorisation of a Contracting State.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 55[1]. Grant of authorisation

(1) The Supervision Authority shall grant an authorisation if the applicant has submitted all information required by legislation provided that no bases exist for refusal to grant an authorisation or for termination of an authorisation and if the doubt of the Supervision Authority expressed to the applicant concerning the fact that the applicant does not comply with the requirements arising from this Act or legislation issued on the basis thereof has been eliminated.

(2) If there is justified reason for the Supervision Authority to believe that the applicant does not comply with the requirements arising from this Act or legislation issued on the basis thereof, the applicant is required to provide information to the Supervision Authority on its own initiative for the purpose of elimination of the doubt. The Supervision Authority shall specify beforehand which information and data are required for the elimination of the doubt.

(3) The Supervision Authority shall make a decision to grant or refuse to grant an authorisation within two months after receipt of all the necessary information and documents, but not later than within six months after receipt of the application for the authorisation.

(4) The Supervision Authority shall make a decision to grant or refuse to grant an additional authorisation within one month after receipt of the corresponding application and all the necessary information and documents, but not later than within six months after receipt of the application for the additional authorisation.

(5) An investment firm holding an authorisation shall notify immediately the Supervision Authority of material changes in the circumstances submitted to the Supervision Authority by the applicant which were the basis for the grant of the authorisation upon becoming aware of them.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 56. Refusal to grant authorisation

(1) The Supervision Authority shall refuse to grant an authorisation if:
1) the information or documents submitted upon application for the authorisation do not meet the requirements provided for in this Act, Regulation (EU) No 575/2013 of the European Parliament and of the Council, legislation established on the basis thereof or the Commission Delegated Regulation issued on the basis of Article 7(4) of Directive 2014/65/EU of the European Parliament and of the Council or are inaccurate, misleading or incomplete;
2) the applicant fails, within the prescribed term, to submit other information and documents prescribed upon application for an authorisation or as are requested by the Supervision Authority or refuses to submit the same;
3) the applicant does not meet the requirements provided for in the legislation specified in clause 1) of this subsection;
4) a manager of the applicant or a person carrying out the duties of the internal audit unit or a person having a qualifying holding in the applicant does not meet the requirements provided for in legislation specified in clause 1) of this subsection;
5) the applicant has materially or repeatedly violated requirements provided for in legislation or the activities or omissions of the applicant are in contradiction with good business practices;
6) close links between the applicant and another person or the requirements arising from legislation or the implementation of legislation of any other state applicable to the applicant or to the persons with whom the applicant has close links prevent the exercise of the required or sufficiently efficient supervision over the investment firm.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) Upon assessment of the provisions of clause (1) 6) of this section, the Supervision Authority shall, among other things, consider the criteria provided for in Article 10 of Commission Delegated Regulation issued on the basis of Article 7(4) of Directive 2014/65/EU of the European Parliament and of the Council.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 57. Termination of authorisation

An authorisation terminates:
1) if a decision is taken to dissolve the investment firm;
2) if the authorisation is revoked;
3) in the event of a merger of investment firms, if it is held by the firm being acquired;
4) if the investment firm is declared bankrupt.

§ 58. Revocation of authorisation

(1) Revocation of an authorisation means total or partial deprivation of a right granted by the authorisation. An authorisation may be revoked completely or by individual investment services or ancillary services, whereupon

the rights of which the holder of the authorisation is deprived of upon revocation of the authorisation shall be specified.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) The Supervision Authority may revoke an authorisation if:
1) the investment firm fails to commence activities or if an act by the founders of the investment firm indicates that the investment firm will be unable to commence activities within twelve months as of the grant of the authorisation, or if the investment firm has not provided investment services for more than six consecutive months;
[RT I 2007, 58, 380 - entry into force 19.11.2007]
2) it has been established that the applicant has submitted inaccurate information upon application for the authorisation or obtained the authorisation by any other irregular means, as well as if other events of submission of inaccurate information to the Supervision Authority by or on behalf of the investment firm occur;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
3) the investment firm has violated repeatedly or to a material extent the provisions of legislation regulating the activities thereof, the investment firm or its manager has been punished for an economic offence, official misconduct, offence against property or offence against public trust if information concerning the punishment has not been expunged from the punishment register pursuant to the Punishment Register Act or the activities of the investment firm are not in compliance with good business practice;
4) the investment firm does not meet the requirements in force with regard to the grant of the authorisation;
5) the circumstances provided for in clauses 56 (4) or 6) of this Act become evident;
[RT I 2007, 58, 380 - entry into force 19.11.2007]
6) the investment firm has failed to implement a precept of the Supervision Authority within the term or to the extent prescribed;
7) the amount of own funds of the investment fund does not comply with the requirements of this Act or legislation issued on the basis thereof;
8) the investment firm is unable to perform the obligations it has assumed or if, for any other reason, its activities significantly damage the interests of investors or other clients or adversely affect the regular functioning of the securities market;
9) the investment firm has been involved in money laundering or violates the procedure for preventing money laundering and terrorist financing established by legislation;
10) the investment firm belongs to a consolidation group the structure of which prevents the receipt of information necessary for supervision on a consolidated basis, or if a company which belongs to the same consolidation group as the investment firm operates on the basis of legislation of a foreign state, which prevents the exercise of sufficient supervision;
11) the investment firm fails to pay the contributions to the Investor Protection Sectoral Fund prescribed in the Guarantee Fund Act within the specified term or in full;
12) the investment firm has published materially incorrect or misleading information or advertising concerning its activities or managers;
13) according to the information submitted to the Supervision Authority by the securities market supervisory agency of the Contracting State, the investment firm has violated the requirements which are provided for in legislation of the Contracting State;
[RT I 2007, 58, 380 - entry into force 19.11.2007]
14) the internal rules specified in § 82 of this Act are not sufficiently accurate or unambiguous for regulation of the activities of the investment firm;
15) it becomes evident that the investment firm has chosen Estonia as the place for application for the authorisation and registration for the purpose of evading the stricter standards for the activities of investment firms in force in another Contracting State within whose territory it carries on the greater part of its activities.

(3) An authorisation or an additional authorisation shall be revoked in full or in part on the application of the investment firm if the investment firm no longer wishes to provide investment services and if the legitimate interests of its clients are thereby adequately protected.

(3^{1}) The Supervision Authority may refuse to revoke an authorisation on the basis of an application specified in subsection (3) of this section if there is good reason to believe that revocation of the authorisation may damage the interests of investors or other clients.

(3^{2}) An application specified in subsection (3) of this section shall be reviewed by the Supervision Authority and a decision to revoke in part or in full or to refuse to revoke the authorisation shall be made within two months as of the receipt of the application.

(4) Prior to making a decision to revoke an authorisation on the basis of subsection (2) of this section, the Supervision Authority may issue a precept to the investment firm establishing a term for elimination of the deficiencies which are the basis for revocation of the authorisation.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 58^{1}. Amendment of decision on grant of authorisation

(1) Upon changes in the business name or registered office of an investment firm, the Supervision Authority shall make a decision on amendment of a decision on grant of an authorisation specified in subsection § 55^{1}(3) of this Act.

[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) The Supervision Authority shall decide on amendment of a decision on grant of an authorisation not later than within one month after the receipt of the changed information specified in subsection (1) of this section.

(3) The Supervision Authority shall immediately deliver the decision on amendment specified in subsection (1) of this section to the investment firm.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

Division 2
Activities Abroad

§ 58[2]. Activities of investment firm abroad

(1) An investment firm established and holding authorisation in Estonia may provide investment services or ancillary services abroad by the establishment of a branch, by the use of an investment agent or by the provision of services on a cross-border basis. An investment firm may only provide ancillary services abroad together with provision of an investment service.

(2) Upon provision of investment services abroad, an investment firm shall comply with the requirements provided for in this Act, legislation issued on the basis thereof and other legislation, including that of foreign states.

(3) The provisions of §§ 64–65[1] of this Act apply to the provision of investment services by an investment firm in another Contracting State. An investment firm may provide other services in a Contracting State in accordance with the provisions of the legislation of the Contracting State.

(4) The provisions of §§ 59–62, 65 and 65[1] of this Act apply to the provision of investment services in a third country.

(5) The cross-border provision of services is the provision of investment services and ancillary services in a state where the investment firm or a branch thereof is not registered. The provisions of this Division concerning the cross-border provision of services apply to the provision of investment services by the use of an investment agent entered in the list of investment agents in Estonia pursuant to the provisions of § 119[2] of this Act.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 59. Branch in third country

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) In order to establish a branch in a third country, an investment firm shall apply for a permission (hereinafter in this Division *permission*) from the Supervision Authority.

(2) In an application for the permission, an investment firm shall submit the following information:
1) the state where the branch is to be established;
2) the name and address of the branch:
3) a programme of operations of the branch which sets out at least a description of the planned activities, applicant's organisational structure and outsourced functions;
4) the information on persons responsible for the management of the branch (hereinafter *managers of branch*) pursuant to the provisions of clause 54 (1) 5) of this Act.

(3) The provisions of this Act concerning the establishment and activities of a branch shall apply to the provision of investment services through the medium of an investment agent established in a third country.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 60. Processing of application for permission

(1) Unless otherwise provided in this Division, applications for permission and the processing thereof shall be subject to the provisions of §§ 51–53, 55 and 55[1] of this Act regulating authorisations and applications therefor.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) The Supervision Authority shall inform the securities market supervisory agency of the relevant third country of the submission of an application for permission within two months as of the receipt of the application. If no co-operation agreement exists between the Supervision Authority and the securities market

supervisory agency of the relevant third country, the Supervision Authority shall enter into an agreement with the agency regarding the exercise of supervision over the branch.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) The Supervision Authority shall make a decision regarding the grant of or refusal to grant the permission within two months of submission of all the necessary information and documents, but not later than six months after submission of the application. Upon refusal to grant permission, the decision shall contain the justification for refusal.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) The Supervision Authority shall immediately forward the decision regarding the grant of or refusal to grant permission to the applicant. The securities market supervisory agency of a relevant third country shall also be notified of the grant of permission.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

(5) An investment firm that has a branch in a third country is required to notify the Supervision Authority and the securities market supervisory agency of the relevant country at least one month in advance if it intends to amend the information specified in clauses 59 (2) 2)–4) of this Act.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 61. Refusal to grant permission

The Supervision Authority may refuse to grant permission if:
1) the information or documents submitted upon application for permission do not meet the requirements provided for in this Act or legislation established on the basis thereof or are inaccurate, misleading or incomplete;
2) the applicant fails, within the prescribed term, or refuses to submit the information and documents subject to submission upon application for a permit or as are requested by the Supervision Authority to the Supervision Authority;
3) the managers of branch do not meet the requirements for managers of an investment firm established in this Act;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
4) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]
5) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]
6) establishment of the branch may damage the interests of investors or the financial situation of the investment firm or its reliable activities in Estonia or in the relevant third country;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
7) no agreement specified in subsection 60 (2) of this Act has been entered into or the legislation of the relevant third country does not enable adequate supervision to be exercised and the data necessary therefor to be acquired.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 62. Revocation of permission

(1) The Supervision Authority may revoke a permission for the foundation of a branch granted to an investment firm in a third country if:
1) the investment firm or its branch does not meet the requirements in force with regard to the issue of permissions for the foundation of a branch;
2) the investment firm fails to submit reports on its branch as required;
3) upon application for a permission for the foundation of the branch, the investment firm has submitted misleading or inaccurate information or misleading or falsified documents or, in other cases, has submitted misleading or inaccurate information or misleading or falsified documents regarding the branch to the Supervision Authority;
4) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]
5) the risks arising from the activities of the branch are significantly greater than risks arising from the activities of the investment firm;
6) the authorisation of the investment firm has been revoked;
7) the circumstances provided for in § 61 of this Act arise;
8) the investment firm has failed to implement a precept of the Supervision Authority within the term or to the extent prescribed.

(2) The Supervision Authority shall promptly inform the investment firm and the financial supervision authority of a third country of a decision to revoke a permission for the foundation of a branch.

(3) After becoming aware of revocation of a permission for the foundation of a branch, the investment firm shall terminate provision of its services through the branch registered in the third country specified in subsection (2) of this section not later than by the due date specified by the Supervision Authority.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 63. Opening of representative office abroad

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 64. Branch in another Contracting State and provision of investment service through the medium of investment agent of another Contracting State

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) An investment firm shall notify the Supervision Authority of its intention to establish a branch in another Contracting State for the provision of investment services and ancillary services provided for in its authorisation or to use an investment agent in that Contracting State and submit the following information and documents to the Supervision Authority:
1) the Contracting State where the investment firm plans to establish a branch or use an investment agent;
2) a programme of operations setting out information on all the planned services;
3) upon establishment of a branch, information on the organisational structure of the branch and on whether the branch intends to use an investment agent and, upon the use of an agent, the name, place of residence or registered office, personal identification code or, in the absence of the personal identification code, the date of birth or registry code of the agent;
4) where an investment agent is only used, a description of the investment agent, including information on reporting lines and on how the agent fits into the corporate structure of the investment firm;
5) the contact address of the branch or investment agent in the Contracting State where documents required may be obtained;
6) the information on managers of branch or persons responsible for the management of the investment agent.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) The documents specified in subsection (1) of this section shall be submitted in Estonian together with a translation made by a sworn translator into the official language or one of the official languages of a Contracting State where the investment firm wishes to establish a branch.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) The Supervision Authority shall make a decision to forward or refuse to forward the information and documents specified in subsection (1) of this section to the securities market supervisory agency of the corresponding Contracting State on the bases provided for in subsection (5) of this section within two months after receipt of all the required information and documents, but not later than within three months after receipt of the corresponding application. The Supervision Authority shall immediately inform the investment firm of the decision to forward or refuse to forward the information and documents.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(4) The Supervision Authority may refuse to review the information and documents specified in subsection (1) of this section if:
1) the information or documents submitted for forwarding do not comply with the requirements provided for in this Act or legislation issued on the basis thereof;
2) the information or documents required by the Supervision Authority have not been submitted within the prescribed term.

(5) The Supervision Authority shall make a decision to refuse to forward the information and documents specified in subsection (1) of this section if:
[RT I 2007, 58, 380 - entry into force 19.11.2007]
1) the financial situation, organisational structure or other resources of the investment firm are insufficient for the provision of services specified in the programme of operations in a Contracting State;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
2) the foundation of the branch or implementation of the a programme of operations submitted by the investment firm may damage the interests of its clients, the financial situation or reliable activities of the investment firm;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
3) the information or documents submitted for forwarding are incorrect, misleading or incomplete;
4) the investment firm wishes to provide only ancillary services.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(6) If the information and documents specified in subsection (1) of this section are forwarded, the Supervision Authority shall also submit information on the investor protection scheme applicable in Estonia to the securities market supervisory agency of the Contracting State.

(7) An investment firm may found a branch in a Contracting State pursuant to the provisions of legislation of the other Contracting State.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(8) An investment firm shall inform the Supervision Authority of changes in the information specified in subsection (1) of this section or changes in documents, if possible, at least one month before entry into force of the changes or immediately after entry into force of the changes. The Supervision Authority shall notify the securities market supervisory agency of the relevant Contracting State of the changes.

[RT I 2007, 58, 380 - entry into force 19.11.2007]

(9) The Supervision Authority shall inform the securities market supervisory agency of the Contracting State of any changes to the investor protection scheme applicable in Estonia, which have occurred in the corresponding Contracting State during the period when the investment firm has been operating through a branch, immediately after the changes occurred.

(10) The Supervision Authority may, by its precept, prohibit provision of services by an investment firm through the branch founded in another Contracting State if:
1) grounds provided for in subsection (5) of this section for refusal to forward information and documents exists;
2) the securities market supervisory agency of the Contracting State has notified the Supervision Authority of a violation by the investment firm of legislation of a Contracting State.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(11) The investment firm is required to terminate provision of its services through the branch established in the Contracting State not later than by the due date specified in the precept.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(12) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 65. Cross-border provision of services in another Contracting State and in third country

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) An investment firm shall notify the Supervision Authority of its intention to provide investment services and ancillary services specified in its authorisation on a cross-border basis in another Contracting State or in a third country and submit the following information and documents to the Supervision Authority:
1) the state where the investment firm plans to provide investment services;
2) a programme of operations setting out information on all the planned services;
3) information on whether the investment firm intends to use an investment agent entered in the list of investment agents in Estonia pursuant to the provisions of § 119^2 of this Act and, upon the use of an agent, the name, place of residence or registered office, personal identification code or, in the absence of the personal identification code, the date of birth or registry code of the agent.

(2) The information and documents specified in subsection (1) of this section shall be submitted together with a translation made by a sworn translator into the official language or one of the official languages of a Contracting State where the services specified in subsection (1) are intended to be provided.

(3) The Supervision Authority shall make a decision to forward or refuse to forward the information and documents specified in subsection (1) of this section to the securities market supervisory agency of the corresponding Contracting State or third country and immediately disclose the decision to the investment firm. If the Supervision Authority makes a decision to forward the information and documents, the information and documents shall be forwarded to the securities market supervisory agency of the corresponding Contracting State within one month after receipt of the information from the investment firm.

(4) The Supervision Authority shall refuse to forward the information and documents specified in subsection (1) of this section if:
1) the information or documents submitted do not meet the requirements provided for in this Act or are inaccurate, misleading or incomplete;
2) the investment firm wishes to provide only ancillary services.

(5) An investment firm may commence cross-border provision of services, taking account of the conditions provided for in the legislation of the relevant Contracting State or third country and established by the securities market supervisory agency of the relevant state, starting from the disclosure of the decision to forward the information specified in subsection (3) of this section to the investment firm.

(6) An investment firm shall notify the Supervision Authority of changes in the information and documents specified in subsection (1) of this section at least one month before entry into force of the changes. The Supervision Authority shall inform the securities market supervisory agency of the relevant state of the changes.

(7) The Supervision Authority may, by a precept, prohibit cross-border provision of services by an investment firm in a Contracting State or third country if:
1) grounds provided for in subsection (4) of this section for refusal to forward the specified information and documents exists;
2) the securities market supervisory agency of the Contracting State or third country has notified the Supervision Authority that the investment firm has violated the legislation of the Contracting State or a third country.

(8) The investment firm is required to terminate cross-border provision of its services in that Contracting State not later than by the due date specified in the precept.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 65[1]. Cross-border provision of operation services of multilateral trading facility and organised trading facility in another Contracting State and in a third country

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) An investment firm intending to provide operation services of a multilateral trading facility or an organised trading facility on a cross-border basis shall notify the Supervision Authority in which state the investment firm intends to provide trading facility operation services on a cross-border basis.

(2) The Supervision Authority shall submit the information specified in subsection (1) of this section to the securities market supervisory agency of the corresponding Contracting State within one month after receipt of the specified information and shall immediately notify the investment firm thereof. Upon the request of the securities market supervisory agency of the Contracting State, the Supervision Authority shall forward to the agency information on the participants and remote members of a multilateral trading facility established in Estonia.

(3) An investment firm may commence cross-border provision of operation services of a multilateral trading facility or an organised trading facility, taking into account the conditions provided for in the legislation of the respective Contracting State and established by the securities market supervisory agency of the Contracting State provided that the Supervision Authority notifies the investment firm of forwarding of the information.

(4) The provisions of § 65 of this Act do not apply to cross-border provision of investment services provided for in this section.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

Division 3
Activities of Foreign Investment Firms in Estonia

§ 65[2]. Bases of activities of foreign investment firms

(1) A person who may provide investment services or ancillary services under the legislation of the home country may provide investment services and ancillary services in Estonia on the basis of the authorisation granted by a competent securities market supervisory agency of the home country by the establishment of a branch, by the use of an investment agent or by the provision of services on a cross-border basis in Estonia, unless otherwise provided for in this Act. For the purposes of this Division, a home country is a country where the person has been established.

(2) The provisions of §§ 69 and 70 of this Act apply to the provision of investment services in Estonia by an investment firm established in a Contracting State by the use of an investment agent or by the establishment of a branch.

(3) The procedure provided for in §§ 66, 67 and 70[1] of this Act and Regulation (EU) No 600/2014 of the European Parliament and of the Council applies to the commencement of provision of investment services in Estonia by a third country investment firm.

(4) A third country investment firm may only provide investment services in Estonia on a cross-border basis to a professional client or an eligible counterparty.

(5) The provisions of this Division do not apply to a third country investment firm if the client addresses an investment firm established in that third country for the receipt of investment services or ancillary services at its own initiative, unless the investment firm markets other investment services or products to the client.

(6) The provisions of this Division concerning the cross-border provision of services apply to a foreign investment firm that wishes to provide investment services and ancillary services in Estonia through the medium of an investment agent located in a home country.

(7) Upon provision of investment services in Estonia, a foreign investment firm shall comply with the requirements established for its activities by this Act and legislation established on the basis thereof as well as other requirements arising from Estonian legislation established for operating in Estonia.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 66. Branch of third country investment firm in Estonia

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) In order to establish a branch in Estonia, a third country investment firm shall apply for a permission (hereinafter in this Division *permission*) from the Supervision Authority.

(2) The following information and documents shall be submitted to the Supervision Authority in the application:
1) the name and address of an investment firm in a home country and the business name and address of the branch in Estonia;
2) the scope of the authorisation granted to the investment firm and the agency that granted the authorisation;
3) information on managers of branch pursuant to the provisions of clause 54 (1) 5) of this Act which certifies the compliance of the managers with the requirements provided for in § 79;
4) the information on persons having a qualifying holding in the investment firm pursuant to the provisions of subsection 74 (1) of this Act;
5) the information pursuant to the provisions of clauses 386 (2) 1), 3), 4) and 5) of the Commercial Code;
6) the annual reports of the applicant for the past two financial years;
7) a programme of operations of the branch which sets out at least a description of the planned activities, applicant's organisational structure and outsourced functions, accompanied by a description of the relationship with the investment firm;
8) information on the financial situation of the applicant, including the size of its own funds, capital adequacy and solvency, and on the investor protection scheme in the home country.

(3) In addition to the items specified in subsection (2) of this section, a third country investment firm shall submit the following to the Supervision Authority from the securities market supervisory agency of its home country:
1) a consent to the establishment of a branch in Estonia;
2) a confirmation that the investment firm holds a valid authorisation in its home country, that it pursues its activities in a correct manner and in accordance with good practices and that it complies with the international standards of money laundering and terrorist financing prevention.

(4) The information and documents specified in this section which are in a foreign language shall be submitted together with a translation into Estonian made by a sworn translator or notarially certified. With the consent of the Supervision Authority, the above-mentioned information and documents may be submitted in another language.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 67. Processing of application for permission and revocation of permission

(1) Unless otherwise provided in this Division, applications for permission and the review, grant and revocation thereof shall be subject to the provisions of §§ 51–53, subsections 55 (1)–(4^1), §§ 55^1, 56 and 58 of this Act regulating the authorisations and applications therefor.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) In addition to the reasons provided for in § 56 of this Act, the Supervision Authority may refuse to grant a permission if:
1) the legislation or the securities market supervisory agency of the home country of the applicant does not guarantee adequate supervision over the applicant;
2) no agreement specified in subsection 60 (2) of this Act has been entered into and co-operation between the Supervision Authority and the securities market supervisory agency of the home country is insufficient;
3) no agreement complying with the standards laid down in Article 26 of the OECD Model Tax Convention on Income and on Capital, including no multilateral tax agreement ensuring an effective exchange of information in tax matters, has been entered into between the third country and Estonia;
4) the applicant is not part of the investor protection scheme complying with the requirements prescribed in the European Union;
5) persons responsible for the management of a branch do not comply with the requirements for managers provided for in § 79 of this Act.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) A third country investment firm that has established a branch in Estonia is required to notify the Supervision Authority and the securities market supervisory agency of the relevant country of its intention to change the information specified in clauses 66 (2) 1), 3), and 7) of this Act at least one month in advance.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) The Supervision Authority may revoke permission if circumstances provided for in § 58 of this Act or in subsection (2) of this section become evident.

§ 68. Representative office of foreign investment firm

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 69. Branch of investment firm of Contracting State in Estonia and provision of investment services through the medium of investment agent

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) An investment firm of a Contracting State shall inform the Supervision Authority through the securities market supervisory agency of its Contracting State of its intention to establish a branch in Estonia or to provide investment services through the medium of an investment agent if the investment agent is not located in the home country. The following information and documents shall be submitted to the Supervision Authority:
1) a programme of operations setting out information on all the planned services;
2) upon establishment of a branch, organisational structure of the branch and information on whether the branch intends to use an investment agent and, upon the use of an agent, the name, place of residence or registered office, personal identification code or, in the absence of the personal identification code, the date of birth or registry code of the agent;
3) the contact address in Estonia where documents required may be obtained;
4) the information on managers of branch or persons responsible for the management of the investment agent;
5) upon the use of an investment agent, a description of the investment agent, including information on reporting lines and on how the agent fits into the corporate structure of the investment firm;
6) the description of the investor protection scheme applicable in the Contracting State.

(2) The information and documents specified in subsection (1) of this section which are in a foreign language shall be submitted together with a translation into Estonian made by a sworn translator. With the consent of the Supervision Authority, the above-mentioned information and documents may be submitted in another language.
[RT I, 23.12.2013, 1 - entry into force 01.01.2020; amended (RT I, 30.12.2017, 3)]

(3) The Supervision Authority shall promptly inform the securities market supervisory agency of the Contracting State of receipt of the information and documents specified in subsection (1) of this section.

(4) An investment firm of a Contracting State may establish a branch and commence activities after receipt of a notice specified in subsection (3) of this section or two months after the date on which the information and documents specified in subsection (1) were received by the Supervision Authority.

(5) Where possible, the Supervision Authority shall be notified of changes in the information or documents specified in subsection (1) of this section at least one month in advance.

(6) Confirmation from the Supervision Authority concerning receipt of the information specified in subsection (1) of this section shall be submitted upon the entry of a branch in the commercial register.

(7) Upon provision of services in Estonia, a branch of an investment firm of a Contracting State shall perform the obligations provided for in subsections 79^1(2) and (4), subsection 85 (1), §§ 85^2, 85^4–$87^6$and $89^1$of this Act and Articles 14–26 of Regulation (EU) No 600/2014 of the European Parliament and of the Council and legislation established on the basis thereof.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 70. Cross-border provision of services in Estonia by investment firm of Contracting State

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) An investment firm of a Contracting State that wishes to provide investment services and ancillary services in Estonia on a cross-border basis, including through the medium of an investment agent located in its home country, shall inform the Supervision Authority thereof through the securities market supervisory agency of the Contracting State. The following information and documents shall be submitted to the Supervision Authority:
1) a programme of operations setting out information on all the planned services;
2) information on whether the investment firm intends to use an investment agent and, upon the use of an agent, the name, place of residence or registered office, personal identification code or, in the absence of the personal identification code, the date of birth or registry code of the agent.

(2) The information and documents specified in subsection (1) of this section which are in a foreign language shall be submitted together with a translation into Estonian made by a sworn translator. With the consent of the Supervision Authority, the above-mentioned information and documents may be submitted in another language.
[RT I, 23.12.2013, 1 - entry into force 01.01.2020; amended (RT I, 30.12.2017, 3 and RT I, 04.12.2019, 1)]

(3) An investment firm of a Contracting State may start cross-border provision of investment services in Estonia after the Supervision Authority has received the information specified in subsection (1) of this section from the securities market supervisory agency of the corresponding Contracting State.

(4) Provision of operation services of a multilateral trading facility or an organised trading facility on a cross-border basis may be commenced in Estonia after the Supervision Authority has received the relevant notice from the securities market supervisory agency of the corresponding Contracting State and, if available, information on measures facilitating access to becoming a member of the aforementioned trading facility or participating therein.

(5) The Supervision Authority may apply for information on the members of and participants in the multilateral trading facility or organised trading facility of the investment firm of the corresponding Contracting State providing investment services in Estonia on a cross-border basis from the securities market supervisory agency of the Contracting State.

(6) The Supervision Authority has the right to disclose the information on the investment agents of an investment firm of a Contracting State providing investment services in Estonia on a cross-border basis, including the name, registered office, personal identification code or, in the absence of the personal identification code, the date of birth or registry code of agents.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 70[1]. Cross-border provision of services in Estonia by third country investment firm

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) A third country investment firm for the home country of which the European Commission has adopted an equivalence decision in accordance with Article 47 of Regulation (EU) No 600/2014 of the European Parliament and of the Council shall be governed by the provisions of Article 46 of the Regulation concerning the cross-border provision of investment services in Estonia and by the provisions of § 70 of this Act concerning the submission of information and documents.

(2) In the case not specified in subsection (1) of this section, the provisions of subsections (3)–(9) shall apply to a third country investment firm.

(3) In order to provide investment services in Estonia on a cross-border basis, a third country investment firm is required to apply for a permission (hereinafter in this section *authorisation for the cross-border provision of services*) from the Supervision Authority. Upon applying for an authorisation for the cross-border provision of services, the following information and documents shall be submitted to the Supervision Authority:
1) the name and address of an investment firm in a home country;
2) the scope of the authorisation granted to the investment firm and the agency that granted the authorisation;
3) the information on managers of the investment firm pursuant to the provisions of clause 54 (1) 5) of this Act which certifies the compliance of the managers with the requirements provided for in § 79;
4) the information on persons having a qualifying holding in the investment firm pursuant to the provisions of subsection 74 (1) of this Act;
5) the information pursuant to the provisions of clauses 386 (2) 1), 3), 4) and 5) of the Commercial Code;
6) the audited annual reports of the applicant for the past two financial years;
7) a programme of operations of the applicant setting out information on all the services;
8) information on the financial situation of the applicant, including the size of its own funds, capital adequacy and solvency, and on the investor protection scheme in the home country.

(4) In addition to the information specified in subsection (3) of this section, a third country investment firm shall submit the following to the Supervision Authority from the securities market supervisory agency of the home country:
1) a consent to the cross-border provision of services in Estonia;
2) the confirmation that the investment firm holds a valid authorisation in its home country, that it pursues its activities in a correct manner and in accordance with good practices and that it complies with the international standards of money laundering and terrorist financing prevention.

(5) The information and documents specified in this section which are in a foreign language shall be submitted together with a translation into Estonian made by a sworn translator. With the consent of the Supervision Authority, the above-mentioned information and documents may be submitted in another language.
[RT I, 04.12.2019, 1 - entry into force 01.01.2020]

(6) Unless otherwise provided in this section, applications for authorisation, review of applications and the grant and revocation of authorisations shall be subject to the provisions of §§ 51–53, subsection 55 (1)–(4[1]) and §§ 55[1], 56 and 58 of this Act regulating the authorisations of investment firms and applications therefor.

(7) In addition to refusal on the bases provided for in § 56 of this Act, the Supervision Authority may refuse to grant an authorisation for the cross-border provision of services if:
1) the legislation or the securities market supervisory agency of the home country of the applicant does not guarantee adequate supervision over the applicant;
2) no agreement specified in subsection 60 (2) of this Act has been entered into and co-operation between the Supervision Authority and the securities market supervisory agency of the home country is insufficient;
3) no agreement complying with the standards laid down in Article 26 of the OECD Model Tax Convention on Income and on Capital, including no multilateral tax agreement ensuring an effective exchange of information in tax matters, has been entered into between the third country and Estonia;
4) the applicant is not part of the investor protection scheme complying with the requirements prescribed in the European Union.

(8) The Supervision Authority may revoke an authorisation for the cross-border provision of services if circumstances specified in § 58 of this Act or subsection (7) of this section become evident.

(9) An investment firm is required to notify the Supervision Authority and the securities market supervisory agency of the relevant country of its intention to change the information specified in clauses (3) 1), 3), and 7) of this section at least one month in advance.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

Chapter 9
REQUIREMENTS FOR SUPERVISION OVER, MANAGEMENT AND ORGANISATIONAL STRUCTURE OF INVESTMENT FIRMS

[RT I 2007, 58, 380 - entry into force 19.11.2007]

Division 1
Qualifying Holding and Management

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 71. [Repealed - RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 72. Requirements for persons acquiring or having qualifying holding

Qualifying holdings in an investment firm may be acquired, held and increased and control over an investment firm may be gained, held and increased by every person:
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
1) who has impeccable business reputation and whose activities in connection with the acquisition comply with the principles of sound and prudent management of the investment firm;
2) who after the acquisition or increase of the holding shall elect, appoint or designate only such persons as managers of the investment firm which comply with the requirements provided for in § 79 of this Act;
3) whose financial situation is sufficiently secure to ensure regular and reliable operation of the investment firm, and in the case of a legal person if such financial statements exist, they allow for a correct assessment to be made of its financial situation;
4) who is able to ensure that the investment firm is able to meet the prudential requirements provided for in this Act, in the case of a legal person above all the requirement that the consolidation group, which part the investment firm will form, has a structure which enables exercise of efficient supervision, exchange of information and co-operation between the financial supervision authorities;
5) with regard to whom there is no justified reason to believe that the acquisition, holding or increase of a holding in or control over the investment firm is related to money laundering or terrorist financing or an attempt thereof or increases such risks.
[RT I 2009, 37, 250 - entry into force 10.07.2009]

§ 72[1]. Conditions and special rules of designation of holding

(1) In designation of qualifying holding, in addition to the provisions of §§ 9 and 10 of this Act, the provisions of subsection 185[4](1) and clauses 187[1](1) 1) and 2) and subsection (2) of the same section of this Act should also be taken into account.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(2) In designation of qualifying holding, there are not taken into account the voting rights related to the share capital which an investment firm or a credit institution may acquire or hold in relation with the provision of the service specified in clause 43 (1) 6) of this Act on the conditions that these rights shall not be exercised in any way to interfere in the management of this company and these rights shall be transferred within one year as of the acquisition.

(3) In calculation of qualifying holding, there shall not be totalled in case of a management company of a UCITS and a parent undertaking of a management company of a UCITS of a Contracting State the holdings specified in subsection 185 (1) of this Act with the holdings which the management company manages by itself, provided that the management company exercises its voting rights independently from the parent undertaking.

(4) In calculation of qualifying holding, there shall not be totalled in case of a parent undertaking of an investment firm of Estonia and a Contracting State the holdings specified in subsection 185 (1) of this Act with the holdings which this investment firm manages separately for each client, taking into account the terms and conditions provided for in subsection 187[1](7) of this Act.
[RT I 2009, 37, 250 - entry into force 10.07.2009]

§ 73. Giving notification of acquisition of holding

(1) A person who intends to directly or indirectly acquire a qualifying holding in an investment firm or to increase such holding so that the proportion of the share capital of the investment firm or votes represented by shares exceeds 20, 30 or 50 per cent, or to conclude a transaction as a result of which the investment firm will become a company controlled thereby (hereinafter *acquirer*) shall notify the Supervision Authority of its intention beforehand and submit the information and documents provided for in subsection 74 (1) of this Act and the regulation established on the basis of subsection 74 (1^1) of this Act.

(2) The provisions of this Chapter also apply if a person acquires a qualifying holding in an investment firm or increases such holding so that the proportion of the share capital of the investment firm or votes represented by shares exceeds 20, 30 or 50 per cent due to any other event or as a result of any other transaction or, due to the event or as a result of the transaction, the investment firm becomes a company controlled by the person. In such case, the person shall give notification to the Supervision Authority promptly after becoming aware of the control gained over the investment firm or the acquisition or increase of qualifying holding in the investment firm.

(3) The Supervision Authority shall notify the acquirer in writing within two working days after receipt of the notice specified in subsection (1) or (2) of this section or the additional information and documents specified in subsection 74 (3) of this Act and the possible termination date of terms in proceedings provided for in § 74^1 of this Act.
[RT I 2009, 37, 250 - entry into force 10.07.2009]

§ 74. Information submitted upon giving notification of acquisition of holding

(1) The Supervision Authority shall be notified of the name of the company in which a qualifying holding is acquired or increased or which becomes controllable by the acquirer and the size of the holding acquired in this company, and the following information and documents shall be submitted:
1) description of the company acquired which contains an extract of the share register, information on the type of shares and number of votes acquired or owned by the acquirer and other information if necessary;
2) a curriculum vitae of the acquirer who is a natural person which contains, inter alia the name, residence, education, work and service experience and personal identification code of the acquirer or date of birth in the absence of a personal identification code;
3) the name, registered office, registry code, authenticated copy of a registration certificate and a copy of the articles of association, if they exist, of the acquirer if the acquirer is a legal person or of the legal person administering the pool of assets;
4) a list of the owners or members of the acquirer if the acquirer is a legal person and information on the number of shares held by or the size of the holding and number of votes of each owner or member;
5) the information on the members of the management board and supervisory board of the acquirer if the acquirer is a legal person, including, for each person, the name and surname, personal identification code or date of birth in the absence of a personal identification code, education, work and service experience, and documents which prove the trustworthiness, experience, competence and impeccable reputation of such persons;
6) the confirmation that the persons becoming managers of the investment firm as a result of acquiring a holding have not been punished for an economic offence, official misconduct or offence against property or offence against public trust and information concerning the punishment has been expunged from the punishment register pursuant to the Punishment Register Act. In the case of a citizen of a foreign state, a certificate of the punishment register or an equivalent document of a competent court or administrative authority of the country of origin of the person which has been issued less than three months earlier is accepted;
7) a description of the business activities of the acquirer and a description of the economic and non-economic interests of persons connected with the acquirer;
8) a confirmation that in the case of a person specified in clause 6 of this subsection no such circumstances have existed or exist which in accordance with law preclude his or her right to be a manager of an investment firm;
9) the last three annual reports of the acquirer, if they exist. If more than nine months have passed since the end of the previous financial year, an audited interim report for the first six months of the financial year shall be submitted. The sworn auditor’s report shall be added to the reports if preparation of the report is prescribed by legislation;
[RT I 2010, 9, 41 - entry into force 08.03.2010]
10) if possible, the ratings required for assessing the financial situation of the acquirer who is a natural person and companies connected with the acquirer and reports intended for the public; in the case of the acquirer if the acquirer is a legal person the credit ratings issued to the acquirer and the consolidation group;
11) if the acquirer is a company belonging to a consolidation group, a description of the structure of the group, data relating to the sizes of the holdings of the companies belonging to the group, and the last three annual reports of the consolidation group together with sworn auditor's reports;
[RT I 2010, 9, 41 - entry into force 08.03.2010]
12) if the acquirer is a natural person, documents certifying the financial status of the person during the last three years;
13) information and documents concerning the sources of monetary or non-monetary resources for which it is intended to acquire a qualifying holding or increase it or gain control;
14) the circumstances related to the acquisition of holding pursuant to §§ 10 and 72^1 of this Act;

15) the size of the qualifying holding owned by the person after acquisition of the holding and the circumstances related to the holding pursuant to §§ 10 and 72^1 of this Act;
16) upon gaining control over an investment firm, the business plan and other circumstances related to the acquisition and execution of control pursuant to § 10 of this Act;
[RT I, 31.12.2016, 3 - entry into force 10.01.2017]
17) a review of the strategy applied in the investment firm, provided the investment firm does not become a controlled company as a result of the acquisition.
[RT I 2009, 37, 250 - entry into force 10.07.2009]

(1^1) The minister responsible for the area may establish a regulation which specifies the information and documents to be submitted to the Supervision Authority and specified in subsection (1) of this section.
[RT I 2009, 37, 250 - entry into force 10.07.2009]

(1^2) The information and documents submitted to the Supervision Authority shall be in Estonian. With the consent of the Supervision Authority, the above-mentioned information and documents may be submitted in another language.
[RT I 2009, 37, 250 - entry into force 10.07.2009]

(2) If a management company, investment firm, credit institution, insurance undertaking or investment fund of a third country or another person of a third country subject to financial supervision wishes to acquire a qualifying holding, confirmation from the relevant financial supervision authority of the third country to the effect that the person of the third country holds an authorisation and to the knowledge of the corresponding financial supervision authority observes the requirements established thereto shall also be submitted to the Supervision Authority in addition to the information and documents specified in subsection (1) of this section.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(3) The Supervision Authority may request in writing additional information or documents in order to specify or verify the documents specified in subsection (1) of this section. In such case it is specified which additional information shall be submitted to the Supervision Authority.
[RT I 2009, 37, 250 - entry into force 10.07.2009]

(4) The Supervision Authority may waive the demand for the information or documents specified in subsection (1) of this section in part or in full.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 74^1. Legislative proceeding and term in proceeding

(1) The Supervision Authority shall assess the compliance of the acquirer with the requirements provided for in § 72 of this Act and shall resolve on prohibition on acquisition of holding or granting authorisation for acquisition of holding within 60 working days (hereinafter *time-limits of proceedings*) as of submission of the notice provided for in subsection 73 (3) of this Act concerning receipt by the Supervision Authority of the information and documents required for the assessment.

(2) The Supervision Authority has the right to demand the additional information and documents specified in subsection 74 (3) of this Act within 50 working days as of the beginning of the time-limits of proceedings.

(3) The time-limits of proceedings shall suspend for the period between the first demand by the Supervision Authority of the additional information and documents specified in subsection (2) of this section and the receipt from the acquirer of the demanded additional information and documents. The suspension shall not last longer than 20 working days.

(4) The time-limits of proceedings shall not suspend if additional information and documents are demanded.

(5) If no financial supervises is exercised over the acquirer or a financial supervision authority of a third country exercises supervision over the acquirer, the Supervision Authority may extend the time-limits of proceedings specified in subsection (3) of this section to up to 30 working days.

(6) During the time-limits of proceedings specified in this section, the Supervision Authority shall cooperate with the competent supervision authority of another Contracting State if a management company, credit institution, investment firm, investment fund, insurance undertaking, another person subject to financial supervision or a person belonging to the same consolidation group with a specified person, if registered in the Contracting State, is the acquirer.

(7) The Supervisory Authority shall consult with the supervision authorities of other Contracting States in the framework of the co-operation specified in subsection (6) of this section. The Supervision Authority shall immediately forward to other financial supervision authorities all the information that is essential upon assessment of acquisition and increase of the qualifying holding and gaining control over the investment firm.

(8) If more than one person wish to acquire a qualifying holding simultaneously, the Supervision Authority shall treat them equally under equal circumstances.
[RT I 2009, 37, 250 - entry into force 10.07.2009]

§ 75. Conditions for acquisition of holding

(1) The Supervision Authority has the right to specify a term for the acquirer during which the acquirer has the right to acquire or increase the qualifying holding or gain control over an investment firm. The Supervision Authority may extend the term prescribed but the term shall not exceed 12 months in total. The acquirer is required, within the specified term, to promptly give notification to the Supervision Authority of conclusion of a transaction or a decision not to conclude a transaction by which qualifying holding is acquired or increased or control is gained over an investment firm.

(2) A qualifying holding may be acquired or increased or the investment firm may be turned into a controlled company if the Supervision Authority does not prohibit, by a precept, acquisition or increase of a qualifying holding or turning of the investment firm into a controlled company based on the provisions of § 74^1 and subsection 76 (1) of this Act.
[RT I 2009, 37, 250 - entry into force 10.07.2009]

§ 76. Bases for prohibition on acquisition of holding and decision on acquisition

[RT I 2009, 37, 250 - entry into force 10.07.2009]

(1) The Supervision Authority may prohibit, by a precept, acquisition and increase of the qualifying holding and gaining control over the investment firm if:
1) the acquirer does not conform to the requirements provided for in § 72 of this Act;
2) the acquirer fails to submit the information or documents provided for in this Act or requested pursuant to this Act to the Supervision Authority;
3) The information or documents submitted to the Supervision Authority do not comply with the requirements provided by legislation or are incorrect, misleading or incomplete or based on the information and documents submitted the Supervision Authority cannot exclude reasonable doubt with respect to unsuitability of the acquisition and with respect to that the acquisition does not comply with the requirements provided for in this Act;
4) the investment firm would become a company controlled by a person residing or located in a third country and sufficient supervision is not exercised over the person in the country of residence or location of the person or the financial supervision authority of the third country has no legal basis or possibility to co-operate with the Supervision Authority.
[RT I 2009, 37, 250 - entry into force 10.07.2009]

(2) The Supervision Authority shall submit a decision to the acquirer concerning the authorisation to acquire the qualifying holding or a prohibiting precept within two working days after adoption of the corresponding decision but prior to the expiry of the time-limits of proceedings. If financial supervision over the acquirer is exercised by the financial supervision authority of another Contracting State, its assessment of the acquisition or increase of the qualifying holding or gaining control over the investment firm must be inter alia indicated in the decision.
[RT I 2009, 37, 250 - entry into force 10.07.2009]

(3) If the circumstances specified in subsection (1) of this section become evident after acquisition or increase of qualifying holding or gaining control over the investment firm, the Supervision Authority may issue a precept according to which acquisition of qualified holding or gaining control over the investment firm is deemed to be contrary to this Act.
[RT I 2009, 37, 250 - entry into force 10.07.2009]

(4) Each time, the Supervision Authority has the right to prohibit or restrict, by its precept, the acquirer or a person who holds a qualifying holding in an investment firm or who controls an investment firm to exercise voting rights or other rights enabling control regarding the investment firm if circumstances provided for in subsections (1) or (3) of this section exist. The Supervision Authority may issue a precept regardless of issue of a precept provided for in subsection (1) or (3) of this section. The Supervision Authority may publish the precept on its website, and the acquirer may also demand publication of the precept.
[RT I 2009, 37, 250 - entry into force 10.07.2009]

(5) If an acquirer or a person who holds a qualifying holding in an investment firm or who controls an investment firm is a credit institution, management company, investment fund, investment firm, insurance undertaking, another person subject to financial supervision or a person belonging to the same consolidation group with a specified person, if registered in another Contracting State, the Supervision Authority shall inform the competent financial supervision authority of the Contracting State of issue of a precept specified in subsection (3) or (4) of this section.

(6) Compliance with a precept provided for in subsections (1), (3) and 4) of this section is also mandatory for an investment firm, the person maintaining its share register or another similar person who organises the exercise of voting rights.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 77. Consequences of illegal acquisition of holding

(1) As a result of a transaction by which a qualifying holding is acquired or increased, the person shall not acquire the voting rights determined by the shares, and the votes represented by the shares shall not be included in the quorum of the general meeting if:
1) the transaction is contrary to a precept issued by the Supervision Authority;
2) the Supervision Authority has issued a precept specified in subsection 76 (3) or (4) of this Act;
3) the Supervision Authority has not been informed of the transaction pursuant to the procedure provided for in §§ 73 and 74 of this Act;
4) the transaction is conducted after the expiry of the term specified in subsection 75 (1) of this Act or before acquisition of qualifying holding is permitted pursuant to this Act;
[RT I 2009, 37, 250 - entry into force 10.07.2009]

(2) If any of the circumstances specified in subsection (1) of this section exist with regard to a transaction, the person who conducted the transaction does not have any rights arising from the transaction which would entitle the person to gain control over the investment firm.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

(3) If voting rights representing a qualifying holding acquired or increased by such a transaction, in the case of which any of the circumstances specified in subsection (1) of this section exist, are included in the quorum of the general meeting and influence the adoption of a resolution of the general meeting, the resolution of the general meeting shall be void. A court may declare the resolution of the general meeting invalid on the basis of a petition of the Supervision Authority, a shareholder or a member of the management board or supervisory board, if the petition is submitted within three months as of the adoption of the resolution of the general meeting.
[RT I 2009, 37, 250 - entry into force 10.07.2009]

(4) Upon exercise of the rights enabling control arising from a transaction by which an investment firm is turned into a company controlled by a person and in the case of which any of the circumstances specified in subsection (1) of this section exist, a court may declare the exercise of the rights null and void on the basis of a petition of the Supervision Authority, a shareholder or a member of the supervisory board or management board of the company, if the petition is submitted within three months as of the exercise of the rights.
[RT I 2009, 37, 250 - entry into force 10.07.2009]

§ 78. Giving notification of changes in holding

(1) If a person intends to transfer shares in an amount which would result in the person losing a qualifying holding in an investment firm or if the person reduces the holding thereof such that it falls below one of the limits specified in subsection 73 (1) of this Act or foregoes control over the investment firm, the person is required to inform the Supervision Authority of the intention immediately and indicate the number of shares which the person owns and transfers and holds after the transaction.
[RT I 2009, 37, 250 - entry into force 10.07.2009]

(2) The provisions of subsection (1) of this section also apply if a person loses control over an investment firm or qualifying holding in an investment firm due to any other event or as a result of any other transaction or if the holding of the person is reduced such that it falls below one of the limits specified in subsection 73 (1) of this Act. In such case, the person shall inform the Supervision Authority promptly after becoming aware of the loss of qualifying holding or control or the reduction of holding.

(3) Upon becoming aware of transactions specified in § 73 of this Act and subsections (1) and (2) of this section, an investment firm is required to promptly inform the Supervision Authority thereof.

(4) An investment firm shall, together with its annual financial report, submit to the Supervision Authority information concerning shareholders who have a qualifying holding in the investment firm as at the end of the financial year and shall set out the size of holding owned by the shareholders.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 78[1]. Registered office and head office of investment firm

[RT I, 20.04.2017, 1 - entry into force 15.01.2018]

(1) The registered office and head office of an investment firm entered in the commercial register in Estonia and authorised by the Financial Supervision Authority shall be in Estonia.

(2) The partnership agreement or articles of association of an investment firm shall determine that the registered office and head office of the investment firm is in Estonia.
[RT I, 20.04.2017, 1 - entry into force 15.01.2018]

§ 79. Requirements for election, competence and activities of managers of investment firms

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) Persons who have the necessary knowledge, education, skills, experience, professional qualifications required to manage an investment firm, who have an impeccable business reputation and sufficient time to perform their duties and who fit into the composition of the managers by their knowledge, experience and skills may be elected or appointed members of the management board or supervisory board of investment firms (hereinafter in this Chapter *manager*).

(2) The business reputation specified in subsection (1) of this section is, among other things, not impeccable if:
1) an act or omission of the person has resulted in the bankruptcy or the revocation of the authorisation of an investment firm or other person subject to financial supervision at the initiative of a financial supervision authority;
2) the person has been punished for a crime in the first degree and the relevant information concerning the punishment has not been deleted from the criminal records database pursuant to the Criminal Records Database Act;
3) a court has imposed on the person an occupational ban or a prohibition on engaging in enterprise in accordance with § 49 or 49^1 of the Penal Code, also if a prohibition on business prescribed by law or a court decision or a prohibition on working in a particular profession or position has been imposed on the person or the person has been punished for the violation of such a prohibition, and the relevant information concerning the punishment has not been deleted from the criminal records database pursuant to the Criminal Records Database Act;
4) the person is not capable of organising the activities of an investment firm in such a way that the interests of clients are sufficiently protected;
5) the person has submitted false information to the Supervision Authority or failed to submit important information;
6) the person has been punished for an economic offence, official misconduct, offence against property or offence against public trust or the financing or supporting of an act of terrorism or activities aimed at the commission thereof, and the relevant information concerning the punishment has not been deleted from the criminal records database pursuant to the Criminal Records Database Act or an international sanction has been imposed on the person.

(3) As a result of election or appointment of managers the composition of the managers shall be adequately diverse for management of an investment firm, at least taking account of the requirements specified in subsection (1) of this section, and in compliance with the principles of diversity in the composition of the managers established in the investment firm. The managers shall possess adequate collective knowledge, skills and experience to understand activities of an investment firm, including the main risks.

(4) The management board of an investment firm shall consist of at least two members.

(5) The managers of an investment firm shall define measures of effective and prudent management of the investment firm and are accountable for the implementation and regular review thereof, taking account of the orderly functioning of the securities market and the interest of clients. Upon implementation of measures, clear areas of responsibility and the prevention of conflicts of interest are established in the investment firm.

(6) Upon defining the measures specified in subsection (5) of this section, the managers of an investment firm shall, among other things:
1) determine the structure of the organisation for the provision of investment services, including the requirements for knowledge and skills of personnel, as well as the resources and the procedures for the provision of services, taking into account the nature, scale and level of complexity of the activities of the investment firm;
2) confirm a general policy as to the provision of services and offering of products, considering the needs and interests of the clients and proceeding from the risk tolerance of the investment firm, as well as the arrangements for carrying out appropriate stress testing;
3) confirm a remuneration policy of persons involved in the provision of investment services aiming to ensure responsible business conduct and equal treatment of clients, including avoiding of conflict of interest in the relationships with clients.

(7) The managers of an investment firm shall periodically review the adequacy of the strategic objectives and governance arrangements of the investment firm in the provision of investment services and ancillary services and the policies relating to the provision of services to clients and take appropriate steps to address any deficiencies detected.

(8) A manager of an investment firm shall have adequate access to information and documents that are needed to oversee and monitor management decision-making related to the investment firm.

(9) The managers of an investment firm shall have and commit sufficient time to perform their duties in the management of the investment firm. An investment firm shall allocate sufficient resources for the guidance of managers appointed to the office and improvement of their professional knowledge in order to comply with the requirements for the position.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 79[1]. Requirements for managers and employees of investment firm and principles of their remuneration

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) The managers and employees of an investment firm are required to act with the prudence and expertise expected of them and according to the requirements for their positions and the interests of the investment firm and its clients.

(2) An investment firm shall ensure that employees giving information about securities, investment services or ancillary services or giving investment advice to clients on behalf of the investment firm possesses the necessary knowledge and competence to fulfil their obligations under §§ 86–87[2] of this Act.

(3) The managers and employees of an investment firm, including their remuneration, shall be governed by the provisions of subsections 48 (4[1])–(5[1]), subsections 49 (1[1])–(2), §§ 52, 55, 57[1]–57[4] and 58[1], subsections 59 (1), (3) and (4[3]), § 62, subsections 82 (1)–(2[2]) and subsection 92[2](4) of the Credit Institutions Act. If the Supervision Authority has granted a member of the supervisory board of an investment firm an authorisation specified in clause 49 (1[3]) 3) of the Credit Institutions Act, the Supervision Authority shall notify the European Securities and Markets Authority thereof.
[RT I, 10.01.2019, 1 - entry into force 20.01.2019]

(4) An investment firm shall ensure that the principles of remuneration of its managers and employees are not in conflict with its duty to act in the best interests of its clients, including the investment firm shall not provide an incentive to its employees to recommend a particular security to a retail client instead of a different security that would better meet that client's needs.

(5) The Supervision Authority shall publish, by its guidelines, criteria for the assessment of knowledge and competence of employees of an investment firm specified in subsection (2) of this section.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 80. Giving notification of managers and auditor

(1) Upon the election or appointment of a manager of an investment firm, the person to be elected or appointed shall present the following to the investment firm:
1) the information specified in clauses 54 (1) 5) and 6) of this Act;
2) confirmation that no circumstances exist which, according to this Act, would preclude the management of an investment firm.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) An investment firm shall inform the Supervision Authority of the election or appointment of managers and an auditor, and of their resignation or the initiation of their removal before the expiry of their term of office or the extension of the term of office of a manager at least ten days before making the corresponding decision or immediately after the receipt of the corresponding application, and shall submit the information required to assess the compliance with the requirements provided for in subsections 79 (5)–(7) of this Act.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) Upon the election or appointment of a manager, an investment firm shall submit to the Supervision Authority the information and manager's confirmation specified in subsection (1) of this section and upon the election or appointment of an auditor the auditor's name and confirmation concerning the absence of any circumstances regarding the manager or the auditor which preclude the right to be a manager or an auditor of an investment firm.
[RT I 2010, 2, 3 - entry into force 22.01.2010]

§ 81. Removal of manager

(1) The Supervision Authority may issue a precept to an investment firm to remove a manager if:
1) the manager does not meet the requirements provided for in this Act;
2) misleading, incomplete or incorrect information or documents have been submitted in connection with his or her election or appointment;
3) the activities of the manager of an investment firm have shown that he or she is not capable of sound and prudent management of the investment firm.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) If an investment firm fails to comply with a precept specified in subsection (1) of this section in full or within the prescribed term, the Supervision Authority has the right to demand the removal of the manager by a court.

Division 2
Organisational Requirements

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 81[1]. General organisational requirements

(1) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) An investment firm shall establish, implement and maintain legal, technical and organisational measures in order to ensure sustainable and regular provision of investment services.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(5) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(6) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(7) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(8) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 82. Policies and procedures

(1) An investment firm shall establish and apply rules of procedure regulating the activities of the investment firm and its managers and employees (hereinafter in this Chapter and Chapters 10 and 11 *internal policies*), which ensure that legislation regulating the activities of the investment firm is complied with and that decisions taken by the directing bodies thereof are duly observed.

(2) The internal policies established and implemented by an investment firm shall ensure legitimate and regular provision of investment services. An investment firm shall regularly assess the effectiveness and correspondence to reality of the internal policies and adjust the internal policies such that the best protection of interests of clients is ensured.

(3) Among other matters, the internal policies shall determine:
1) the procedure for the communication of information and movement of documents within the investment firm, including requirements for submission and forwarding of information;
2) the procedure for the provision of investment services and ancillary services, including a plan for determination of a risk of interruption of business relating to the provision of investment services, for managing or prevention of the risk thereof;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
3) criteria for selection of employees, professional or official functions, relationships of subordination, reporting lines, the procedure for reporting and the delegation of rights, and shall provide the separation of functions upon assumption of obligations in the name of the investment firm, the recording of services for accounting and reporting purposes and the assessment of risks;
4) the procedure for maintaining databases and processing of data;
5) internal rules of procedure for imposing international sanctions established on the basis of the International Sanctions Act and application of the Money Laundering and Terrorist Financing Prevention Act, and the code of conduct for verification of compliance therewith.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 82[1]. Risk management

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 82[2]. Internal capital and liquidity adequacy assessment process

[RT I, 10.01.2019, 1 - entry into force 20.01.2019]

(1) All the essential risks of an investment firm must at all times be adequately covered by own funds.

(2) An investment firm must have reliable, effective and all-inclusive strategies and corresponding procedures established by internal policies in order to continuously maintain an adequate level and structure of own funds and liquidity buffers specified in subsection 82[1](1) of the Credit Institutions Act, and an adequate division thereof between structural units and activities based on the level of the risks assumed by the investment firm or of potential risks.

(3) The strategies and procedures must be regularly updated in order to guarantee that they continue to be proportional to the nature, extent and level of complexity of the operation of the investment firm.

(4) An investment firm shall submit to the Supervision Authority an overview of the internal capital and liquidity adequacy assessment process once a year. The overview shall be prepared on the basis of financial data as at the end of a financial year and it shall be submitted not later than four months after the end of the financial year.

(5) The Supervision Authority may establish the frequency of submission of the overview and date, as at which the financial data must be used to prepare the overview, which are different from that provided for in subsection (4) of this section.
[RT I, 10.01.2019, 1 - entry into force 20.01.2019]

§ 82[3]. Personal transaction by manager, employee or other connected persons of investment firm

(1) An investment firm shall set out by internal policies the procedure for conclusion of personal securities transactions of the persons associated with the investment firm and ensure the protection of the interests of clients and lawful and regular operation of the market.

(2) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(5) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(6) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 82[4]. Managing and avoiding conflicts of interests

(1) An investment firm shall establish and implement legal, technical and organisational measures by its internal policies to identify and manage or prevent conflicts of interests in the investment firm upon the provision of investment services and ancillary services, a conflict of interests of a person having a control relationship with the investment firm, a conflict of interests between the investment firm and a client or between clients and the adverse effect thereof on the interests of its clients. The provisions of the first sentence of this subsection also apply to the receipt of monetary or non-monetary inducements in connection with the provision of investment services and ancillary services and to remuneration of managers and employees of an investment firm.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

(2) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) An investment firm shall notify a client of the general nature or source of a conflict of interest before the provision of investment services or ancillary services and steps taken to mitigate those risks if the measures taken by the investment firm specified in subsection (1) of this section do not guarantee avoiding damage to the interests of clients.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(5) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(6) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(7) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(8) The notification provided for in subsection (4) of this section shall be made in a durable medium and include sufficient detail, taking into account the type of the client to enable that client to take a carefully considered decision with respect to the service in the context of the conflict of interest.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(9) “Durable medium” means any instrument enabling reproduction of information within the meaning of § 11[1] of the Law of Obligations Act.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(10) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 82[5]. Additional organisational requirements to investment firms producing and disseminating investment research

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 82[6]. Outsourcing of important operational functions or operations

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) An investment firm shall establish, by its internal policies, a procedure for outsourcing operational functions or operations which are important for the continuing and proper provision of investment services within the meaning of Article 30 of Commission Delegated Regulation (EU) 2017/565, and implement internal policies and other reasonable measures to avoid undue operating risks.

(2) For the purposes of this Act, outsourcing shall have the meaning provided for in Article 2(3) of Commission Delegated Regulation (EU) 2017/565.

(3) Outsourcing may not impair the quality of internal control of an investment firm or prevent the exercise of sufficient supervision over the investment firm.

(4) Upon outsourcing, the requirements provided for in Commission Delegated Regulation (EU) 2017/565 and other requirements arising from this Act and other legislation must be complied with. An investment firm shall, among other things, take measures to control and safeguard systems used for information processing and have sound security mechanisms to guarantee the security and authentication of the means of transfer of information, minimise the risk of data corruption and unauthorised access and to prevent information leakage maintaining the confidentiality of the data at all times.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 82[7]. Settlement of client complaints

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 82[8]. General conditions for submission of information to clients and procedure for communication of information

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 82[9]. General organisational requirements for investment firm manufacturing securities

(1) An investment firm shall establish, by its internal policies, a process for the approval of a security manufactured by the investment firm for sale and for significant adaptations of existing securities and apply the process to the offering or marketing of each security manufactured.

(2) The manufacture of a security is the creation, development, issuance of a security or design of characteristics thereof.

(3) By the application of internal policies specified in subsection (1) of this section and other legal, technical and organisational measures, an investment firm shall ensure that the principles of manufacturing securities and remuneration of employees involved therein are in accordance with the internal policies specified in subsection 82[4](1) of this Act. The structure and characteristics of a security may not damage the interests of clients and sound and orderly functioning of the securities market or enable the investment firm to mitigate or dispose of its own risks related to the underlying assets of the security, which the investment firm already holds on own account.

(4) Before launch of the security an investment firm shall ensure that the security manufactured does not represent a threat to the sound and orderly functioning of the securities market or to the stability of the financial system. An investment firm shall analyse potential conflicts of interests each time a security is manufactured, monitoring, in particular, that the security manufactured does not damage the interests of clients if an end client takes an exposure opposite to the one previously held by the investment firm itself or to the one that the investment firm wants to hold after the sale of the security manufactured.

(5) An investment firm shall ensure that the employees involved in the manufacturing of securities possess the necessary expertise to understand the characteristics and risks of the securities to be manufactured.

(6) An investment firm shall ensure that the managers of an investment firm have control over the process for the approval of securities and that the reports specified in Article 22(2)(c) of Commission Delegated Regulation (EU) 2017/565 include information about the securities manufactured by the investment firm and on the distribution strategy thereof. The investment firm shall submit the reports specified in the first sentence of this subsection to the Supervision Authority on request.

(7) An investment firm shall ensure that the compliance function specified in Article 22(2) of Commission Delegated Regulation (EU) 2017/565 monitors the periodic review and updates of internal policies specified in subsection (1) of this section and legal, technical and organisational measures taken by the investment firm in order to detect any risks that may affect the ability of the investment firm to comply with the requirements provided for in Part 3 of this Act.

(8) If an investment firm manufactures a security in collaboration with another investment firm or another person, the mutual responsibilities of the parties shall be outlined in a written agreement.

(9) The provisions of subsections (3)–(8) of this section and §§ 82^{10}–$82^{14}$of this Act apply to an investment firm manufacturing securities in a way that is appropriate and proportionate, taking into account the nature of the security and target group thereof as well as the nature of the investment service.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 82^{10}. General organisational requirements for investment firm distributing securities

(1) An investment firm offering, selling or recommending securities manufactured by another investment firm or another person (hereinafter *distributing investment firm*) shall establish internal policies and introduce other legal, technical and organisational measures to ensure that securities or services to be distributed by them are compatible with the needs, characteristics, and objectives of an identified target group and that the intended distribution strategy is consistent with the target group.

(2) The provisions of subsections 82^{9}(6)–(8) of this Act concerning the manufacturers of securities apply to the distributing investment firm with regard to the securities and services to be distributed.

(3) A distributing investment firm shall ensure that the employees involved in the manufacturing of securities possess the necessary expertise to understand the characteristics and risks of the securities and services to be distributed as well as the needs, characteristics and objectives of the target group.

(4) A distributing investment firm is also required to comply with the provisions of this section and §§ 82^{11}–$82^{14}$of this Act if the securities are manufactured by a person who is not subject to the provisions of Part 3 of this Act.

(5) The provisions of subsections (1) and (2) of this section and §§ 82^{11}–$82^{14}$of this Act concerning a distributing investment firm apply in a way that is appropriate and proportionate, taking into account the nature of the securities to be distributed and target group thereof as well as the nature of the investment service.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 82^{11}. Additional organisational requirements for identification of target group of securities

(1) In the course of the process for the approval of a security established by internal policies specified in subsection 82^{9}(1) of this Act, an investment firm shall identify a target group of each security manufactured by types of end clients and assess all relevant risks related to the security and consistency of the intended distribution strategy with the target group.

(2) An investment firm manufacturing securities shall identify at a sufficiently granular level the target group for securities, specifying the types of client for whose needs, characteristics and objectives the security is compatible and the groups of clients for whose needs, characteristics and objectives the security is not compatible.

(3) If an investment firm does not distribute the securities manufactured, it shall determine the needs and characteristics of clients for whom the product is compatible based on the theoretical knowledge of and past experience with the security or similar securities, the financial markets and the needs, characteristics and objectives of potential clients.

(4) Where an investment firm manufactures a security in collaboration with another investment firm or another person, the investment firm shall identify one target group for the security. Where an investment firm distributes securities manufactured by itself, the target group may be identified once.

(5) An investment firm shall determine whether a security meets the needs, characteristics and objectives of the target group, examining, among other things, that the risk and reward profile of the security is consistent with the target group and that the security structure is driven by the interests of the client and not by a business model that relies on poor client outcomes to be profitable.

(6) A distributing investment firm shall identify and assess the circumstances and needs of the clients they intend to focus on when distributing securities, so as to ensure that clients' interests are not compromised

as a result of pressure arising from commercial interests or treasury financing needs of the investment firm. A distributing investment firm shall, among other things, identify any groups of clients for whose needs, characteristics and objectives the security or service is not compatible.

(7) Where the target market of the security has not been defined by the manufacturer of the security, a distributing investment firm shall determine the target group for the respective security and the distribution strategy of the security on the basis of the information obtained from the manufacturer of the security and available on clients of the distributing investment firm.

(8) A distributing investment firm shall reconsider the target group of the security or update the internal policies specified in subsection (1) of this section if it appears that the investment firm has wrongly identified the target group for a security or service or that the security or service no longer meets the conditions of the target group, including in the case where the security becomes illiquid or very volatile due to market changes.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 82[12]. Additional organisational requirements for design of security to be manufactured

(1) An investment firm shall analyse potential developments of the security to be manufactured for clients, assessing the risks of poor outcomes posed by the security and circumstances in which such risk may materialise, among other things, if:
1) the market conditions deteriorate;
2) the manufacturer of the security or a person involved in manufacturing or functioning of the security experiences financial difficulties or other counterparty risk materialises;
3) the financial instrument fails to become commercially viable; or
4) demand for the security is much higher than anticipated, putting a strain on the investment firm's resources or trading in the underlying assets of the security.

(2) When determining the charging structure proposed for the security, an investment firm shall examine, among other things, that:
1) the security's costs and charges are compatible with the needs, characteristics and objectives of the target group;
2) charges do not undermine the security's return expectations, such as where the costs or charges equal or exceed the expected tax advantages linked to a security or remove such advantages in another manner;
3) the charging structure of the security is appropriately transparent and understandable for the target group and does not enable the investment firm to disguise charges.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 82[13]. Additional organisational requirements for periodic review of security

(1) An investment firm shall periodically review securities manufactured by it, taking into account any event that could materially affect the potential risk to the target group, including prior to any further issue or re-launch, if upon assessing the circumstances specified in this subsection the investment firm knows at least whether:
1) the security remains consistent with the needs, characteristics and objectives of the target group;
2) the distribution strategy of the security remains appropriate for the target group;
3) the security is only distributed to the target group;
4) the security functions as intended.

(2) When determining the intervals of the review specified in subsection (1) of this section, an investment firm shall take into account relevant factors, including the complexity and the innovative nature of the investment strategies pursued.

(3) An investment firm shall identify crucial events that would affect the potential risk or return expectations of the security manufactured by the investment firm, such as the crossing of a threshold that will affect the return profile of the security or the solvency of such issuers whose securities or guarantees may impact the performance of the security.

(4) Upon occurrence of circumstances specified in subsection (3) of this section, an investment firm shall take appropriate action which, among other things, consist of:
1) the provision of any relevant information on the event and its consequences on the security to the clients or the distributors of the security if the investment firm does not engage in selling the security;
2) changing the security approval process;
3) stopping further issuance of the security;
4) changing the security to avoid unfair contract terms;
5) considering whether the distribution channels are appropriate where the security is not being distributed as envisaged;
6) making a proposal to the distributor to initiate a modification of the distribution process;
7) cancelling a contract entered into with the distributor;
8) informing the Supervision Authority.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 82[14]. Additional organisational requirements for exchange of information by security manufacturer and distributing investment firm

(1) An investment firm shall make available to any distributor all appropriate information on the security and the security approval process, including on the target group of the security and appropriate channels for distribution, which must be adequate to enable distributors to understand the characteristics of the security and distribute the security.

(2) A distributing investment firm shall take measures to obtain from the manufacturer of the security the information specified in subsection (1) of this section.

(3) Where the manufacturer of the security is a person not governed by the provisions of Part 3 of this Act and the information specified in subsection (1) of this section is not publicly available, clear or reliable or it has not been disclosed as regulated information in accordance with the requirements provided for in law, the distributing investment firm is subject to the provisions of subsection (2) of this section in a way that is reasonable and proportionate, taking into account the availability of the disclosed information and the complexity of the security.

(4) A distributing investment firm shall provide a manufacturer of the security with information on sales of the security and, where appropriate for the assessment of the manufacturer of the security, information on the reports specified in subsection 82[9](6) of this Act.

(5) Where a distributing investment firm distributes products or provides services in collaboration with another investment firm, the investment firm with the direct relationship with an end client has responsibility to meet the requirements established for the distributing investment firm in this section and §§ 82[10]–82[13]of this Act. An intermediary investment firm shall:
1) communicate relevant information from the manufacturer of a security to the final distributor thereof;
2) upon the request of the manufacturer of the security, communicate information on security sales required to comply with the obligations of the manufacturer;
3) comply with the provisions of this section and §§ 82[9]–82[13]of this Act concerning the manufacturer of the security, as relevant in relation to the service to be provided.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 82[15]. Additional organisational requirements for investment firm engaged in algorithmic trading

(1) An investment firm that engages in algorithmic trading, including in applying high-frequency algorithmic trading technique, shall implement systems and risk controls suitable and effective for the business it operates to ensure that its information technology system used for algorithmic trading is resilient and has sufficient capacity, is subject to appropriate trading thresholds and limits and prevents the sending of erroneous orders or other operations that may endanger the orderly or lawful functioning of the securities market. Upon implementation of the measures specified in this subsection, an investment firm shall, among other things, comply with the provisions of Commission Delegated Regulation (EU) 2017/589 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the organisational requirements of investment firms engaged in algorithmic trading (OJ L 87, 31.3.2017, p. 417–448).

(2) "Algorithmic trading" means trading in securities by using an information technology system that determines whether to initiate the order related to the securities, the timing thereof, price and quantity of the order and how to manage the order after its submission, with limited or no human intervention within the meaning of Article 18 of Commission Delegated Regulation (EU) 2017/565, or any other trading parameters. Algorithmic trading does not include the use of any system only intended for routing orders to trading venues or for the processing of orders involving no determination of any trading parameters or for the confirmation of executed orders or the post-trade processing thereof by an investment firm.

(3) "High-frequency algorithmic trading technique" means an algorithmic trading technique characterised by:
1) use of infrastructure intended to minimise network and other types of latencies, including at least one of the following facilities for algorithmic order entry: co-location, proximity hosting or high-speed direct electronic access;
2) use of a system of automatic initiation, generation, routing or execution of orders;
3) high rate of intraday messages transmitted in the system, including orders, quotes or cancellations, within the meaning of Article 19 of Commission Delegated Regulation (EU) 2017/565.

(4) The systems and risk controls specified in subsection (1) of this section shall be adequate to prevent the use of the trading system in a manner contrary to Regulation (EU) No 596/2014 of the European Parliament and of the Council or to the rules of a trading venue to which the system is connected.

(5) An investment firm shall have in place effective business continuity plan to deal with any failure of its trading systems. The investment firm shall ensure that its systems specified in subsection (1) of this section are fully tested and meet the requirements provided for in this section.

(6) An investment firm that engages in algorithmic trading to pursue a market making strategy shall take into account the liquidity, scale and nature of the specific market and the characteristics of the securities traded as well as meet the following conditions:
1) it shall act as a market maker continuously during a specified proportion of the trading venue's trading hours, except under exceptional circumstances, with the result of providing liquidity on a regular and predictable basis to the trading venue;
2) it has agreed on detailed conditions of the fulfilment of the obligations specified in clause 1) of this subsection with the trading venue;
3) it uses effective systems and controls to ensure that it fulfils the obligations specified in clause 1) of this subsection at all times.

(7) For the purposes of this section and §§ $125^1$and 125^2, subsections 132 (5)–(7) and §§ $134^4$and $136^1$of this Act, an investment firm that engages in algorithmic trading shall be considered to be pursuing a market making strategy when it deals, as a participant of one or more trading venues, on own account, by posting binding, simultaneous two-way quotes of comparable size and at competitive prices relating to one or more securities on a single trading venue or across different trading venues, with the result of providing liquidity on a regular and frequent basis to the securities market.

(8) An investment firm shall notify the Supervision Authority that it engages in algorithmic trading in Estonia and notify the same to the competent supervisory agency of the relevant Contracting State exercising supervision over the trading venue at which the investment firm engages in algorithmic trading as a participant or member.

(9) The investment firm shall, upon request, provide the Supervision Authority with information, on a regular or ad-hoc basis, on its algorithmic trading and systems used therefor, including a description of the nature of its algorithmic trading strategies, details of the trading parameters or limits to which the system is subject, details of the testing of its systems and the key compliance and risk controls that the investment firm has in place to ensure the conditions provided for in subsections (1), (4) and (5) of this section are satisfied.

(10) The Supervision Authority shall communicate the information specified in subsection (9) of this section upon request and without delay to the competent supervisory agency of the relevant Contracting State exercising supervision over the trading venue at which the investment firm engages in algorithmic trading as a participant or member.

(11) The investment firm shall keep records in relation to the algorithmic trading pursuant to the procedure provided for in this Act. An investment firm that engages in a high-frequency algorithmic trading technique shall store accurate and time sequenced records of all its placed orders, cancellations of orders and executed orders as well as quotations on trading venues and shall make them available to the Supervision Authority upon request.

(12) An investment firm that acts as a member of a securities settlement system shall implement effective systems and risk controls in accordance with the provisions of Articles 24–26 of Commission Delegated Regulation (EU) 2017/565 to ensure that services are only provided to persons who are suitable and meet clear criteria on the basis of a binding written agreement. When engaging in algorithmic trading, the investment firm shall, *inter alia,*take appropriate measures with respect to the aforementioned persons to mitigate risks to the investment firm and to the orderly functioning of the securities market.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 82^{16}. Additional organisational requirements for provision of direct electronic access

(1) Upon provision of direct electronic access to a trading venue, an investment firm shall apply effective systems and controls to assess the suitability of clients using the service, to review such assessment on a regular basis, to ensure that clients comply with the appropriate trading thresholds and limits and to properly monitor the trading by clients. Appropriate risk controls must prevent trading that may create risks to the operations of the investment firm or to the orderly or lawful functioning of the securities market or is contrary to Regulation (EU) No 596/2014 of the European Parliament and of the Council or the rules of the trading venue. The provision of direct electronic access to a trading venue without application of the aforementioned measures is prohibited.

(2) For the purposes of this Act, "direct electronic access" means granting of the use of its rights of access by the investment firm acting as a participant, member or client of a trading venue to a client so the client can electronically transmit orders relating to securities directly to the trading venue, using thereby the infrastructure of the investment firm or any other system or without using such infrastructure or system and taking into account the provisions of Article 20 of Commission Delegated Regulation (EU) 2017/565.

(3) An investment firm that provides direct electronic access to a trading venue shall be responsible for ensuring that trading by clients using that service complies with the requirements provided for in this Act and the rules of the trading venue. The investment firm shall monitor the transactions in order to identify infringements of

the requirements and rules specified in the first sentence of this subsection, conditions of an order that may endanger the orderly or lawful functioning of the securities market or conduct that may involve market abuse that is to be reported to the Supervision Authority.

(4) The investment firm shall enter into a binding written agreement with the client regarding the provision of direct electronic access, under which the investment firm retains responsibility for compliance with the requirements arising from this Act.

(5) An investment firm that provides direct electronic access to a trading venue shall notify the Supervision Authority and the competent supervisory agency of the Contracting State exercising supervision over the trading venue to which the investment firm provides direct electronic access thereof.

(6) The investment firm shall, upon request, provide the Supervision Authority, on a regular or ad-hoc basis, with information on the measures provided for in subsection (1) of this section and application thereof.

(7) The Supervision Authority shall communicate the information specified in subsection (6) of this section upon request and without delay to the competent supervisory agency of the Contracting State exercising supervision over the trading venue in relation to which the investment firm provides direct electronic access.

(8) The investment firm shall keep records in relation to the provisions of direct electronic access pursuant to the procedure provided for in this Act.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 83. Internal control mechanisms

An investment firm shall have in place adequate internal control mechanisms which aim is to ensure the compliance of its activities with applicable rules and adopted resolutions at all the management and operation levels of the investment firm. The internal control mechanisms shall include at least the conformity inspection function and, if it exists, the activities of an internal audit unit.
[RT I, 09.05.2014, 2 - entry into force 19.05.2014]

§ 83^{1}. Conformity inspection function

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 83^{2}. Internal audit unit

[RT I, 09.05.2014, 2 - entry into force 19.05.2014]

(1) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) The person carrying out the duties of the internal audit unit provided for in Article 24 of Commission Delegated Regulation (EU) 2017/565 and the conditions of the contract to be entered into with such person shall be specified by the supervisory board of the investment firm. The person carrying out the duties of the internal audit unit shall be governed by the requirements and the legal bases for the activities established for a certified internal auditor internal in the Auditors Activities Act.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) The management board of an investment firm shall ensure that the person carrying out the duties of the internal audit unit has the rights and working conditions necessary to perform his or her duties, including the right to obtain explanations and information from the managers of the investment firm and the right to observe the elimination of any deficiencies discovered and compliance with any precepts issued.
[RT I, 09.05.2014, 2 - entry into force 19.05.2014]

(5) The person carrying out the duties of the internal audit unit is required to forward any information concerning the investment firm which becomes known to him or her and which indicates a violation of law or damage to the interests of clients to the managers of the investment firm and the Supervision Authority.
[RT I, 09.05.2014, 2 - entry into force 19.05.2014]

Chapter 10

REQUIREMENTS FOR ACTIVITIES OF INVESTMENT FIRMS

§ 84. Application of this Chapter

(1) The requirements for investment firms established in this Chapter also apply to investment firms registered in a foreign state which provide investment services to persons whose place of residence or registered office is in Estonia unless otherwise provided for in this Act concerning investment firms registered in a Contracting State.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) The requirements for investment firms established in this Chapter do not apply to investment firms registered in a Contracting State specified in subsection (1) of this section who provide investment services solely in a foreign state and whose investment services are not offered to persons in Estonia.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(3) Investment services are deemed as being offered to persons in Estonia if the services are advertised in Estonia or if the manner of the offer or the contents thereof, including the language of the offer, enable the conclusion to be made that the offer is aimed at persons whose residence or registered office is in Estonia.

(4) Where an investment service is provided as part of another financial service or product that is subject to the requirements for provision of information to a client relating to consumer credit contracts provided for in Division 2 of Chapter 22 of the Law of Obligations Act, the provision of investment services shall not be subject to the requirements for provision of information to a client provided for in this Chapter.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(5) If investment services are provided to a consumer as a prerequisite of a consumer credit agreement relating to residential immovable property specified in subsection 402 (2) of the Law of Obligations Act in relation to bonds issued to secure the financing of and having identical terms as the consumer credit agreement relating to residential immovable property, in order for the loan to be payable, refinanced or redeemed, the provisions of § 87^1 of this Act do not apply.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 85. General principles of activities of investment firms

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) Upon the provision of investment services and ancillary services, an investment firm is required to:
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
1) provide services lawfully with due professionalism, precision and care, proceeding primarily from the best interests of the client;
2) to take the reliable and regular operation of the securities market into consideration when pursuing its activities;
3) comply with the provisions of his Act and legislation established on the basis thereof and its internal policies;
4) determine the client's experience for operating in securities market and knowledge of financial market and the intended investment services by classifying clients on the basis of the provisions of §§ 46 and 46^1 of this Act;
5) inform the client sufficiently of the nature of the investment services and the risks relating thereto;
6) assess the suitability and appropriateness of the investment service and security for the client;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
6^1) ensure that securities manufactured by the investment firm for sale meet the needs of end clients belonging to an identified target group of the security within the relevant category of clients, that the strategy for distribution of the security is compatible with the target group and that the security is only distributed to the target group;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
6^2) understand the characteristics of the securities offered or recommended to clients, assess the compatibility of the securities with the needs of the clients, taking account of the target group of the security, and offer or recommend securities only when this is in the interests of the client;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
7) execute the client's order in the best manner and handle the client's order pursuant to the provisions of this Act and legislation established on the basis thereof;
8) hold and protect the client's money and securities deposited with or placed at the disposal of the investment firm;
9) regularly provide information to the client concerning the provision of investment services;
10) register and store the information collected upon the provision of investment services and required to be registered and stored by this Act and legislation established on the basis thereof and by Commission Regulation 1287/2006/EC;
11) settle the client's complaints concerning the provision of investment services as expeditiously and transparently as possible;

12) ensure the continuous existence of financial resources necessary for the activities of the investment firm;
13) [Repealed - RT I, 07.04, 2017, 2 - entry into force 17.04.2017]
14) [Repealed - RT I, 07.04, 2017, 2 - entry into force 17.04.2017]

(2) If an investment firm provides recommendations in the framework of investment advice regarding units of voluntary pension fund or if an investment firm operates in offering units of voluntary pension fund on behalf of a management company or account administrator, the investment firm shall provide the necessary information and assess the suitability of such units for the client and potential client pursuant to the provisions of the Funded Pensions Act.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) If an investment firm is the manufacturer or person selling a packaged retail and insurance-based investment product specified in Article 4(3) of Regulation (EU) No 1286/2014 of the European Parliament and of the Council on key information documents for packaged retail and insurance-based investment products (PRIIPs) (OJ L 352, 09.12.2014, p. 1–23) for the purposes of points (4) and (5) of the same Article or if the firm makes recommendations regarding such product, the firm is required to follow the requirements provided for in the said Regulation.
[RT I, 22.02.2017, 1 - entry into force 01.01.2018]

§ 85[1]. Provision of investment services through the medium of another investment firm

An investment firm receiving an order to provide investment services or ancillary services on behalf of a client from another investment firm may rely on recommendations in respect of the service or transaction that have been provided to the client by the investment firm that gave the order and shall remain responsible for the execution of the order given for the provision of the investment services or ancillary services. The investment firm that transmits orders shall remain responsible for the correctness, accuracy and completeness of the information transmitted and suitability of the recommendations provided to the client.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 85[2]. Inducements in connection with provision of investment service or ancillary service

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) An investment firm may provide monetary or non-monetary inducements (hereinafter *inducements*) in connection with the provision of an investment service or an ancillary service to any party except the client or a representative of the client or receive inducements from any party except the client or a representative of the client only if such inducements:
1) do not, by their nature or proceeding from their function, create a conflict of interests between the investment firm and the client;
2) are designed to enhance the quality of the service provided to the client;
3) do not prevent the investment firm from providing investment services honestly, professionally and in accordance with the best interests of its clients.

(2) Inducements are designed to enhance the quality of the service provided to the client within the meaning of clause (1) 2) of this section if the provision of relevant service to the client is not biased or distorted as a result of the inducement and if during the period of the receipt or provision of the inducement all of the following conditions are met:
1) the inducement is justified by the provision of an additional or higher level service to the relevant client, the additional scope or higher level of which is proportional to the inducements;
2) the inducement does not directly benefit the investment firm, its shareholders or employees without tangible benefit to the relevant client;
3) the inducement is justified by the provision of an on-going benefit to the relevant client in relation to an on-going inducement received or provided.

(3) An investment firm shall evidence that any inducements provided or received by the investment firm are designed to enhance the quality of the service provided to the client as follows:
1) by keeping a list of all the inducements provided to or received from a third party in relation to the provision of investment services or ancillary services;
2) by documenting reasons how the inducements provided, received or intended enhance the quality of the services provided to the relevant clients and how the investment firm ensures that the inducement does not to prevent the investment firm from providing services honestly, professionally and in accordance with the best interests of the client.

(4) For the purposes of clause (2) 1) of this section, the provision of additional or higher level service means, *inter alia*:
1) the provision of such investment advice that is non-independent within the meaning of subsection $87^{1}(2^{1})$ of this Act (hereinafter *dependent investment advice*) and that includes a wide range of suitable securities along

with the provision of access to such securities, including a sufficient number of securities from a third party having no close links with the investment firm;
2) the provision of dependent investment advice combined with an offer to the client, at least on an annual basis, to assess the continuing suitability of the recommended securities in which the client has invested or with another on-going service that is likely to be of value to the client such as advice about the suggested optimal asset allocation of the client;
3) the provision of access, at a competitive price, to a wide range of securities that are likely to meet the needs of the client, including an appropriate number of securities from a third party having no close links with the investment firm, together with either the provision of added-value tools, such as objective information tools helping the relevant client to take investment decisions or enabling the relevant client to monitor, model and adjust the range of securities in which the client has invested, or providing periodic reports of the performance and costs and charges associated with the securities.

(5) Inducements that are strictly necessary for the provision of investment services, such as fees related to the safekeeping and administration of securities, settlement and transfer fees, fees related to a regulated market, supervision fees, state fees, legal fees and other similar fees which proceeding from their nature do not cause a conflict of interests between the investment firm and the client upon the provision of investment services honestly, professionally and in accordance with the best interests of the client, shall not be deemed to be contrary to the conditions provided for in subsection (1) of this section.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 85[3]. Retail client agreement

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 85[4]. Disclosure of inducements to client

(1) Prior to the provision of the relevant investment service or ancillary service, an investment firm shall disclose to the client in a manner that is understandable, correct, accurate and complete the existence, nature and amount of the inducement referred to in subsection 85[2](1) of this Act, or, where the amount cannot be ascertained, the method of calculating that inducement, and the manner of transferring to the client the inducement received by the investment firm where the investment firm is required to transfer the inducement received to the client.

(2) In addition to the provisions of subsection (1) of this section, an investment firm shall disclose to the client the following information concerning any inducement provided or received in connection with the provision of investment service or ancillary service, taking into account the provisions of subsection 87 (2) of this Act and Article 50 of Commission Delegated Regulation (EU) 2017/565, including if the security is distributed by several investment firms:
1) the exact amount of the inducement provided or received if, in the absence of the exact amount, the investment firm has previously disclosed to the client the method of calculating the inducement;
2) an individual notification concerning the actual amount of the inducement provided or received at least once a year during the receipt of the on-going inducement.

(3) Minor non-monetary inducements provided or received in connection with the provision of an investment service or ancillary service may be described in a generic way and other non-monetary inducements are priced and disclosed separately.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 85[5]. Inducements upon provision of independent investment advice or securities portfolio management service

(1) When providing independent investment advice or securities portfolio management service, an investment firm shall not retain any inducements received from any party except the client or a representative of the client, except minor non-monetary benefits that comply with provisions of subsection 85[2](1) of this Act and subsections (4) and (5) of this section and that are expressly disclosed to the client prior to the provision of the relevant investment service or ancillary service. When providing independent investment advice or securities portfolio management service, an investment firm is prohibited from accepting non-monetary inducements that do not meet the conditions provided for in the first sentence of this subsection.

(2) An investment firm shall transfer any monetary inducements received from any party except the client or a representative of the client in connection with the provision of independent investment advice or securities portfolio management service to the client in full and as soon as reasonably possible after receipt of the inducement.

(3) An investment firm shall establish and implement a procedure to ensure a client-based allocation and transfer of any inducements specified in subsection (2) of this section. The investment firm shall inform clients about the inducements transferred to them through reports to be submitted periodically or in any other manner.

(4) The minor non-monetary benefits specified in subsection (1) of this section shall be reasonable and proportionate and of such a scale that they are unlikely to influence the investment firm's behaviour in any way that is detrimental to the interests of the relevant client.

(5) The provision or receipt of minor non-monetary benefits is only allowed if they are:
1) generic or personalised information or documentation relating to an investment service or security;
2) written material from a third party that is commissioned and paid for by an issuer or potential issuer to market a new issuance, or where the third party firm is contractually engaged and paid by the issuer to produce such material on an ongoing basis, provided that the contractual relationship is clearly disclosed in the material and that the material is made available at the same time to any investment firms wishing to receive it or to the general public;
3) participation in conferences, seminars and other training events on the benefits and features of a specific investment service or a security;
4) elementary hospitality, such as food and drink offered during a business meeting or an event mentioned in clause 3) of this subsection;
5) other minor non-monetary benefits which are capable of enhancing the quality of service provided to a client and, having regard to the total level of benefits provided by one entity or group of entities of an investment firm, are of a nature and scale that are unlikely to prevent the investment firm from providing services honestly, professionally and in the best interests of the client.

(6) The Supervision Authority may, by its guidelines, limit the prerequisites for permissibility of other non-monetary benefits specified in clause (5) 5) of this section and provide the relevant sample list.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 85[6]. Inducements in relation to research by third parties

(1) The provision of research by third parties in connection with the provision of an investment service or ancillary service shall not be regarded as an inducement within the meaning of subsection 85[2](1) if it is received in return for the following:
1) direct payments by the investment firm out of its own resources;
2) payments from a research payment account which is controlled by the investment firm and for which the investment firm is responsible, provided that the conditions set out in subsection (2) of this section are met.

(2) Upon administration of the research payment account, the following conditions must be met:
1) the research payment account is funded by a specific research charge to the client (hereinafter *research charge*) meeting the conditions provided for in subsection (3) of this section;
2) as part of establishing a research payment account and requesting the research charge from its clients, an investment firm sets and regularly reviews a research budget as an internal control measure;
3) the investment firm regularly assesses the quality of the research received from a third party based on robust quality criteria and its ability to contribute to better investment decisions.

(3) The research charge may only be based on a research payment budget established by the investment firm for the purpose of determining the need for third party research in respect of provision of investment services or ancillary services. The research charge may not be linked to the volume or value of transactions executed on behalf of the clients.

(4) Where an investment firm makes use of the research payment account, before the provision of an investment service to clients it shall provide clients with information about the budgeted amount for research and the amount of the estimated research charge required from the clients and once a year information on the total costs that each client has incurred for third party research.

(5) An investment firm shall provide, upon request by their clients or by the Supervision Authority, a summary of the providers of research financed from research payment account and the total amount of payments made to them over a defined period, the benefits and services received by the investment firm, the ratio of the payments made from the account to the budget set by the investment firm and any rebate or carry-over if residual funds remain in the account.

(6) Where an investment firm collects the research charge from the client alongside a transaction commission, the investment firm shall indicate the research charge separately.

(7) The total amount of research charges received may not exceed the research payment budget.

(8) The investment firm shall fix, by an agreement with clients, the research charge based on the research payment budget and the frequency with which the research charge will be requested over the year. Increases in the research payment budget shall only take place after the provision of clear information to clients about such intention. The investment firm shall establish a procedure under which the investment firm shall rebate

a surplus in the research payment account at the end of an accounting period or offset it against the research charge determined on the basis of the budget for the following period.

(9) The research payment budget shall be managed solely by the investment firm. The budget shall be based on a reasonable need for third party research assessed by the investment firm. Upon allocation of the funds from the research payment budget to purchase third party research, the investment firm shall employ appropriate controls and oversight over managers of the investment firm to ensure that the budget is managed and used in the best interests of the clients. To employ such controls, the investment firm shall, *inter alia*, preserve data evidencing payments made for the research to providers thereof and an explanation on how the amounts paid were determined with reference to the quality criteria specified in subsection (2) 3) of this section. The investment firm may not use the research payment budget and research payment account to fund research made by the investment firm.

(10) The administration of the research payment account may be delegated to a third party, provided that this facilitates the purchase of third party research and payments to research providers without any undue delay in the name of the investment firm and in accordance with the investment firm's order.

(11) An investment firm shall establish a procedure for determining the criteria for assessment of research quality specified in clause (1) 2) of this section and provide it to their clients, explaining, among other things, the extent to which third party research financed through the research payment account may benefit clients' portfolios, by taking into account, where relevant, investment strategies applicable to various types of securities portfolios and the approaches the investment firm will take to allocate the costs related to the research fairly to the various clients' securities portfolios.

(12) An investment firm shall determine separate charges for the provision of execution services of orders related to a security, reflecting only the costs of executing the order. The charge for a benefit or service provided by the investment firm to an investment firm of the Contracting State or the charge received for a benefit or service by the investment firm from an investment firm of the Contracting State shall be identified separately and, thereby, the supply of such benefit, provision of the service or the charge for those benefits or services shall not be conditioned or influenced by levels of payment of the charge for execution of orders.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 85[7]. Inducements in connection with transmission of orders

An investment firm may not receive any remuneration, benefit or discount for transmitting orders related to securities to a particular trading venue or execution venue if this is contrary to the provisions of subsection 79[1](4), § 82[4], §§ 82[9]–82[14], subsection 85 (1) and §§ 85[2]–85[6], 86, 87 and 87[3] of this Act.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 86. Notifying client

(1) A client of an investment firm has the right to access all information subject to mandatory disclosure and the investment firm is required to present such information to the client at the request thereof.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) The information presented to a client and potential client by an investment firm shall be understandable, timely, precise and complete.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(3) The information on the investment service to be provided and the nature and risks of the security relating thereto pursuant to the provisions of § 87 of this Act and monetary or non-monetary inducements provided or received by the investment firm in connection with the provision of an investment service or ancillary service pursuant to the provisions of §§ 85[2]–85[6] shall be provided in a form that enables clients or potential clients to understand the nature of the investment service or the security that is being offered and risks relating thereto and to take carefully considered investment decisions. Thereby it is not permitted to emphasise any potential benefits of an investment service or security without clear indication of any risks related to that investment service or security.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(5) At the request of a client or potential client, an investment firm is required to provide information to the client:
1) on shareholders having a qualifying holding in the investment firm (with regard to legal persons at least the business name and the registry code if applicable; with regard to natural persons at least the given name and surname, and personal identification code or date of birth in the absence of a personal identification code) and the size of their holding in the share capital of the investment firm;
2) on the legal form, organisational structure and accessibility of the annual financial report of the investment firm;

3) on managers of the investment firm (given name and surname, personal identification code or date of birth in the absence of a personal identification code, educational background, and a complete list of places of employment and positions held during the last five years);
4) on the functions of the members of the management board of the investment firm;
5) on the investment services and ancillary services provided.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 87. Notification upon provision of services

(1) Upon the provision of services, an investment firm is required:
1) to inform clients and potential clients of treating them as a certain type of clients and request information from its clients or potential clients regarding their knowledge of or experience in investment services and ancillary services provided, and regarding the goals and circumstances related to the provision of the services;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
2) to submit to its clients or potential clients all relevant information pertaining to transactions which are being contemplated and risks related thereto, taking into account the interests and expertise of the client or potential client and the type and volume of the transactions which are being contemplated;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
3) to submit to its clients and potential clients information on the security and the proposed investment strategy related to the provision of investment services and ancillary services, including guidance on and warnings of the risks associated with such security and investment strategy, and provide information on whether the security is intended for retail or professional clients, taking account of the target group identified for the security;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
4) to submit to its clients or potential clients information on execution venues of orders;
5) to submit to its clients or potential clients information on costs and charges associated with the service;
6) to notify the client or potential client of the investor protection scheme applicable;
7) to inform the client of any situation where the investment firm is the other party to a transaction conducted on the basis of the client's transaction order, unless the investment firm and the client have expressly agreed otherwise in writing;
8) upon the request of the client, to provide the client at least once every three months with information regarding the transactions conducted with the assets of the client when managing the securities portfolio, and regarding the value of the assets, the composition of the securities portfolio and other circumstances related to the provision of services.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) The information specified in clause (1) 5) of this section must be provided for both investment services and ancillary services and include the cost of advice, the cost of the security recommended or marketed to the client and how the client may pay for the service, also encompassing any third-party payments. The information about all costs and charges, including in connection with the service and the security, which are not caused by the occurrence of market risk, shall be aggregated or, where the client so requests, itemised to allow the client to understand the overall cost as well as the cumulative effect thereof on return of the investment. Where applicable, such information shall be provided to the client at least annually during the life of the investment.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) When an investment firm provides an investment service together with another service or product as part of a package or as a condition for the same package or agreement, the investment firm shall inform the client whether it is possible to provide the services or buy the products included in the package separately and shall provide information on the costs and charges of each component of the package. Where the risks associated with such a package or agreement offered to a retail client are likely to be different from the risks associated with the services or products included in such package, the investment firm shall provide a description of the relevant services and products of the package or agreement and the way in which offering of them as a package affects the risks associated therewith.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) An investment firm shall inform the client in good time before it provides investment advice of:
1) whether the investment advice is provided on an independent basis;
2) whether the investment advice is based on a broad or on a more restricted analysis of different classes of securities, including where the investment advice is only based on the analysis of securities issued or provided by the investment firm and a person having close links with the investment firm or any other, including contractual, relationship with the investment firm, which may pose a risk of impairing the independent basis of the investment advice;
3) whether the investment firm will periodically assess the suitability of the service or security recommended to that client.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(5) When providing investment advice, the investment firm shall, before the transaction is made, provide the client with a statement on suitability in a durable medium specifying the personal recommendation given to the client and how that advice meets the preferences, investment objectives and other indicators of the retail client.

Where the statement on suitability cannot be provided to the client before the transaction is made using a means of communication, the statement on suitability may be provided in a durable medium immediately after the transaction is made, provided that the following conditions are met:
1) the investment firm has given the client the option of delaying the transaction until the provision of the statement on suitability;
2) the client has consented to receiving the statement on suitability without delay after the conclusion of the transaction.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 87[1]. Assessment of suitability and appropriateness of investment service and security

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) An investment firm shall assess the suitability or appropriateness of the relevant service and security to a client and a potential client before the provision of investment services.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) In order to recommend an investment service and security suitable for the client and potential client upon provision of investment advice or securities portfolio management service, an investment firm shall obtain necessary information regarding the knowledge and experience of the person relevant to the specific type of service and security and the financial situation, including the person's ability to bear losses and investment objectives of the person, including risk tolerance, before providing the service. This information shall enable the investment firm to recommend to the client or potential client an investment service or security that is suitable for the client and, in particular, is in accordance with the client's ability to bear losses and risk tolerance.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2[1]) In order to provide independent investment advice to the client, an investment firm shall assess a sufficient range of different classes of securities available on the market and issued or provided by different persons, which are not only limited to securities issued or provided by the investment firm itself and by a person having close links with the investment firm or any other, including contractual, relationship with the investment firm.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) Upon the provision of investment services other than provision of investment advice or securities portfolio management service, an investment firm, when assessing the appropriateness, is required to determine whether the client has the necessary knowledge and experience in the investment field relevant to the specific type of product or investment service provided or demanded by the client.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(5) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(6) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(7) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(8) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(9) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(10) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(11) An investment firm shall warn the client if the investment firm finds on the basis of the received information that the product or service is not appropriate for the client.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(12) An investment firm shall warn the client and potential client that in case of failure to submit or submission of insufficient information required for the assessment of appropriateness, it is difficult or impossible for the investment firm to determine whether a requested investment service or security is appropriate for the client.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(12[1]) The warning specified in subsections (11) and (12) of this section may be provided in a standardised format.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(13) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(14) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(15) When recommending or offering a package of services or products specified in subsection 87 (3) of this Act, the investment firm shall assess the suitability or appropriateness of the overall package for the client and potential client.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 87[2]. Failure to assess the suitability and appropriateness in case of certain investment services

(1) The appropriateness of the investment service or security need not be assessed upon the provision of investment services provided for in clause 43 (1) 1) or 2) of this Act with or without the provision of ancillary services, excluding the ancillary services specified in clause 44 2) that do not comprise of existing credit limits of loans, current accounts and overdraft facilities of clients, if all the following conditions are met:
1) the provision of investment services or ancillary services is connected with non-complex securities;
2) the investment service or ancillary service is provided at the initiative of the client or potential client;
3) an investment firm has clearly warned the client or potential client that under the conditions provided for in this subsection the investment firm does not assess the appropriateness of the security and service offered and provided and that, therefore, the interests of the client may be less protected.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1[1]) For the purposes of this Act, non-complex securities are:
1) shares of companies or UCITS not embedding derivatives admitted to trading on a regulated market or on an equivalent third country market or on a multilateral trading facility;
2) bonds not embedding derivatives admitted to trading on a regulated market or on an equivalent third country market or on a multilateral trading facility, the structure of which does not make it difficult to understand the risks associated therewith or any other debt obligation equivalent to such bond;
3) money market instruments not embedding derivatives, the structure of which does not make it difficult to understand the risks associated therewith;
4) shares or units in UCITS, excluding shares or units in structured UCITS within the meaning of Article 36(1) of the Commission Regulation (EU) No 583/2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards key investor information and conditions to be met when providing key investor information or the prospectus in a durable medium other than paper or by means of a website (OJ L 176, 10.7.2010, p. 1–15);
5) investment risk deposits specified in subsection 89[1](2) of the Credit Institutions Act, the structure of which does not make it difficult to understand the risk of return and the cost of exiting the deposit before term;
6) other non-complex securities within the meaning of Article 57 of Commission Delegated Regulation (EU) 2017/565.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) A regulated third country market specified in clauses (1[1]) 1) and (2) of this section is a market for which the European Commission has adopted an equivalence decision. In the absence of the decision, the Supervision Authority shall submit a request to the European Commission for the adoption of the equivalence decision in respect to the market of the third country, indicating in the request the reasons why the legal order and organisation of supervision of the third country can be considered equivalent.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2[1]) In the case provided for in the second sentence of subsection (2) of this section, the Supervision Authority may assess that the legal order and organisation of supervision of the third country is equivalent if at least the following conditions are met:
1) an operator of a market operating in a third country is subject to authorisation and constant supervision;
2) markets operating in third countries have clear and transparent rules regarding the admission of securities to trading and securities admitted to trading are capable of being traded in a fair and orderly manner, and are freely negotiable;
3) issuers are subject to periodic and ongoing information requirements to ensure a high level of investor protection;
4) transparency and integrity of the market are ensured by the prohibition on market abuse.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 87[3]. Best execution of client orders

(1) An investment firm shall establish and implement legal, technical and organisational measures for best execution of client orders. An investment firm shall determine the procedure and rules for best execution of client orders by internal policies.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) An investment firm shall execute a client order in the best possible manner for the client pursuant to rules for best execution of client orders applied in the investment firm by taking into account the price, costs, speed, likelihood of execution and settlement, size, nature or any other circumstances relevant to the execution of the order. If there is a specific instruction from the client the investment firm shall execute the order following the specific instruction.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(3) At the request of a client, an investment firm is required to prove to the client that the investment firm has executed the client's order in compliance with the rules for best execution of client orders applied in the investment firm.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(4) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(5) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(6) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(7) Where an investment firm executes an order on behalf of a retail client, the best possible result shall be determined in terms of the total consideration, representing the price of the security and the costs related to execution, which shall include all expenses incurred by the client which are directly related to the execution of the order, including execution venue fees, settlement fees and any other fees paid to third parties involved in the execution of the order.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(8) If there are several competing venues to execute an order, the investment firm shall compare and assess the results for the client that would be achieved on each of the execution venues listed in the investment firm's rules for best execution of client orders that is capable of executing that order. Upon the comparison and assessment of execution venues an investment firm shall take into account the firm's own commissions and costs for executing the order on each of the execution venues.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(9) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(10) Following execution of an order on behalf of a client the investment firm shall inform the client where the order was executed.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(11) An operator of a trading venue shall make public on at least an annual basis, without any charges, data relating to the quality of execution of orders related to securities specified in Articles 23 and 28 of Regulation (EU) No 600/2014 of the European Parliament and of the Council on that trading venue, in particular details about price, costs, speed and likelihood of execution of orders for individual securities. Each systematic internaliser is subject to the provisions of the first sentence of this subsection concerning the securities not specified in the first sentence.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(12) An investment firm shall make public, on an annual basis, a summary of the top five execution venues where the investment firm executed client orders in the preceding year, in terms of trading volumes for each class of securities and on the quality of execution of transactions in those execution venues.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 87[4]. Rules for best execution of client orders

(1) An investment firm shall provide in the rules for best execution of client orders, in respect of each class of securities, information on the different execution venues where the investment firm executes its client orders and the circumstances determining the choice of the execution venue. The investment firm shall at least specify those execution venues that make it possible to obtain on a consistent basis the best result for the execution of client orders.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) An investment firm shall disclose the rules for best execution of client orders to the client and potential client, including appropriate information and clear explanation in sufficient detail regarding how orders will be executed by the investment firm for the client. An investment firm shall notify a client of any material changes in the rules for best execution of client orders.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) An investment firm shall inform clearly its clients about the possibility to execute client orders outside a trading venue if the rules for best execution of client orders provide for such a possibility.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) An investment firm may accept a client's order for execution only after obtaining of consent from the client with respect to the rules for best execution of client orders.

[RT I 2007, 58, 380 - entry into force 19.11.2007]

(5) The client's consent specified in subsection (4) of this section may be obtained each time before the execution of an order or be included in the contract entered into with the client.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(6) An investment firm shall review the rules for best execution of client orders and measures of executing client orders at least once a year and update the rules and measures if deficiencies become evident, notifying clients of any material changes to their rules. Upon review of the rules and measures and determination of the need to make changes, it shall also be assessed whether the execution venues chosen by the investment firm provide for the best possible result for the client, taking account of, *inter alia*, the information published under subsections 87^3(11) and (12) of this Act.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(7) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(8) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(9) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(10) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(11) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(12) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(13) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(14) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 87^5. Handling client orders

(1) An investment firm shall establish and implement legal, technical and organisational measures for expeditious and impartial execution of client orders as compared to other client orders or the trading interests of the investment firm. An investment firm shall establish the procedure for ensuring it by internal policies.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) An investment firm shall execute otherwise comparable client orders in accordance with the time of their reception for execution by the investment firm.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(3) An investment firm shall apply increased care for managing the risks of damage to the interests of clients upon aggregation and allocation of client orders.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(4) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(5) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(6) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(7) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(8) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(9) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(10) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(11) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(12) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(13) An investment firm is required to retain the records which set out the respective rights and obligations of the investment firm and the client under a contract to provide investment services or ancillary services, or the terms on which the investment firm provides the services to the client for at least the duration of the contractual

relationship or other legal relationship related to the provision of investment services or ancillary services with the client.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 87[6]. Disclosure of limit orders

(1) If a client limit order in respect of shares admitted to trading on a trading venue is not immediately executed due to prevailing market conditions, an investment firm shall make that order immediately public in a manner which is easily accessible to other market participants to ensure the earliest possible execution of that order, unless the client expressly instructs otherwise.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) The Supervision Authority has the right to exempt an investment firm from the obligation provided for in subsection (1) of this section for one or several times or permanently under the conditions and pursuant to the procedure provided for in Article 4 of Regulation (EU) No 600/2014 of the European Parliament and of the Council if, in the opinion of the Supervision Authority, the limited order is large in scale for the market compared with a normal order.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) A limited order is an order for purchasing or selling securities where the volume and price of the securities or the minimum accepted price is determined by concrete numerical indices.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 88. General requirements for maintenance and protection of assets of client

[RT I 2007, 58, 380 - entry into force 19.11.2007]

(1) An investment firm is required to keep the assets of the client entrusted to it separate from its own assets and those of other clients of the investment firm, unless the client and the investment firm have expressly agreed otherwise in writing. The express written consent of the client is also necessary to hold the securities of the client in a nominee account.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) An investment firm is required to take adequate measures to protect assets belonging to the client and the rights of the client and to ensure that the assets of the client are maintained and invested in accordance with the agreed conditions.

(3) An investment firm is not permitted to use securities belonging to a client in its own interests, unless the client has expressly agreed to this in writing. The client's money may be used in own interests exclusively for the account and in the name of a credit institution in accordance with the provisions of subsections 4 (1) and (2) of the Credit Institutions Act.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) An investment firm may pledge assets of a client in its own name only with the express written consent of the client.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4[1]) An investment firm may not conclude financial collateral arrangements concerning transfer of a right of claim to money or title to securities with retail clients for the purpose of securing or covering present or future, actual or contingent or prospective obligations of clients. In the event of a professional client or an eligible counterparty, the investment firm shall describe to the client the risks involved in such arrangement and their effect on the client assets.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4[2]) Where an investment firm enters into an arrangement specified in subsection (4[1]) of this section with a professional client or an eligible counterparty, the investment firm shall carefully consider the relationship between the client's obligation to the investment firm and the client assets subjected to collateral arrangements, as well as the appropriateness of the use of such arrangements and, where necessary, demonstrate the same, taking into account and documenting all of the following circumstances:
1) whether there is a weak connection between the client's obligations and the need for entry into the arrangements specified in subsection (4[1]), including where the clients' liability to the investment firm is low or the likelihood for the occurrence thereof is negligible;
2) whether the value of client's assets covered by the arrangements specified in subsection (4[1]) far exceeds the client's obligations to the investment firm, or is unlimited if the client has no obligations to the investment firm;
3) whether all clients' assets are made subject to arrangements specified in subsection (4[1]), without distinguishing each client's obligations to the investment firm.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(5) An investment firm which keeps the assets of clients in a nominee account or in a securities account or bank account opened in the name of the investment firm is required to keep separate account of the assets of each client.

(6) Assets of clients managed and maintained by an investment firm, including assets of clients maintained in the name of the investment firm as well as assets acquired on account of such assets, belong to the respective clients and shall not be included in the bankruptcy estate of the investment firm, nor shall the claims of the creditors of the investment firm be satisfied on account of such assets.
[RT I, 28.06.2012, 5 - entry into force 01.07.2012]

(6^1) An investment firm shall appoint a person who is responsible for compliance by the investment firm with its obligations regarding the safeguarding of client securities and funds and who has sufficient skills and authority therefor. The investment firm may assign additional responsibilities to the person responsible, provided that compliance by the investment firm with its obligations provided for in this Act is ensured and the performance of other responsibilities does not prevent the responsible person from carrying out their function.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(7) An investment firm shall establish the principles for the maintenance and protection of the assets of client by internal policies. An investment firm shall ensure that its auditor's report regarding the compliance with the above-mentioned principles in the investment firm, including regarding the compliance of the activities of the investment firm with the provisions of this section and §§ 88^1–$88^4$of this Act, is submitted to the Supervision Authority at least once a year.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(8) An investment firm may not provide a third party with security interests, liens or rights of set-off over client funds or securities enabling a third party to fulfil its claims on account of the client's funds or securities in order to perform obligations that do not relate to the client or provision of services to the client, except where this is required by applicable law in a third country jurisdiction in which the client funds or securities are held.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(9) Where the investment firm cannot avoid entry into an agreement that creates the rights of a third party specified in subsection (8) of this section, the investment firm shall notify clients thereof and of the risks associated with this arrangement. Where the rights specified in subsection (8) are granted or where the client has been informed that the rights are granted, the rights shall be recorded in client contracts and the internal accounts, information and records of the investment firm to make the ownership status of client assets clear.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(10) An investment firm shall submit to the Supervision Authority and trustee in bankruptcy upon request of the latter or, in the case provided by law, to other persons information pertaining to client funds and securities without delay, including, *inter alia*, the following:
1) internal accounts, information and records of the investment firm that make it possible to identify the funds and securities held for each client at all times without delay;
2) details of persons where client funds are held by the investment firm in accordance with the provisions of § $88^3$of this Act, and details on the accounts and on the relevant agreements related to the persons;
3) details of persons where client securities are held by the investment firm in accordance with the provisions of § $88^2$of this Act, and details on the accounts and on the relevant agreements related to the persons;
4) details of persons carrying out any outsourced operations related to the investment service for the investment firm;
5) details of key individuals, including the person specified in subsection (6^1) of this section involved in the processes of holding client funds and securities;
6) agreements that make it possible to establish client ownership over assets.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 88^1. Safeguarding of client's securities and funds

For the purposes of safeguarding clients' interests in relation to securities and funds belonging to them, an investment firm is required to:
1) preserve information and keep such records and accounts as are necessary to enable it at any time and without delay to distinguish assets held for one client from assets held for any other client, and from the assets of the investment firm;
2) preserve information and keep records and accounts in a way that ensures their accuracy and their correspondence to the securities and funds held for clients in a manner that they may be used as an audit trail;
3) conduct, on a regular basis, reconciliations between its internal accounts, information and records and those of any third parties by whom those assets are held;
4) take the necessary steps to ensure that any client securities deposited with a third party are identifiable separately from the securities belonging to the investment firm and from the securities belonging to that third

party, by means of differently titled accounts on the books of the third party or other equivalent measures that achieve the same level of protection;
5) take the necessary steps to ensure that client funds are held in an account or accounts identified separately from any accounts used to hold funds belonging to the investment firm;
6) take relevant organisational measures to manage the risk of the loss or diminution of client assets, or of rights in connection with those assets, as a result of misuse of the assets, fraud, poor administration, inadequate record-keeping or negligence.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 88[2]. Depositing client securities

(1) An investment firm is permitted to deposit securities on behalf of their clients into an account or accounts opened with a third party provided that the investment firm exercises all due skill, prudence and diligence in the selection, appointment and periodic review of the third party and of the arrangements for the holding of those securities. An investment firm shall take into account the expertise and reputation of the third party as well as any legal requirements or market practices related to the holding of those securities that could adversely affect clients' rights.

(2) An investment firm may only deposit securities with a third party in a jurisdiction where the holding of securities for the account of another person is subject to specific requirements and supervision and with a third party who is subject to this specific requirements and supervision.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) It is prohibited for an investment firm to deposit securities held on behalf of clients with a third party in a third country that does not regulate the holding and safekeeping of securities for the account of another person unless one of the following conditions is met:
1) the nature of the securities or of the investment services connected with those securities requires them to be deposited with a third party in that third country;
2) where the securities are held on behalf of a professional client and that client provides the investment firm with a written consent to deposit them with a third party in that third country.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(4) The provisions of subsections (2) and (3) of this section shall also apply when the third-party, with whom the investment firm deposits securities on behalf of clients, has outsourced any of its operations concerning the holding and administration of securities to another third party.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 88[3]. Depositing client funds

(1) An investment firm is required, upon receiving any client's money, to promptly deposit the money to one or more accounts opened with a credit institution that has been granted an authorisation in a central bank or a Contracting State or a third country or, based on an explicit consent of the client, to invest the money in the shares or units of the relevant money market fund.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) The money market fund provided for in subsection (1) of this section shall comply with the requirements of the Investment Funds Act or other equivalent requirements of legislation of a Contracting State on the basis of which supervision is exercised over the money market fund and it shall comply with the following requirements:
1) its primary investment objective is to maintain its asset value either constant at par, net of earnings, or at the value of the investors' initial capital plus earnings;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
2) in order to achieve the investment objective specified in clause 1) of this subsection, the assets of the fund must be invested exclusively in deposits with credit institutions or high quality money market instruments with the redemption or maturity date of up to 397 days or regular interest adjustments consistent with such a maturity, and the weighted average maturity date of the securities and deposits belonging to the assets of the fund is 60 days;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
3) the fund must provide liquidity through same day or next day settlement.

(3) For the purposes of clause (2) 2) of this section, a money market instrument shall be considered to be of high quality if this is confirmed by the assessment of the credit quality performed and documented by the investment firm, which takes into account the credit ratings provided to the money market fund by rating agencies registered by the European Securities and Markets Authority.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) If an investment firm does not deposit client funds with a central bank, it must exercise all due skill, care and diligence in the selection and periodic review of the credit institution or money market fund where the funds are placed and the arrangements for the holding of those funds as well as in the assessment of the need for diversification of placement of the funds. Investment firms shall take into account the expertise and reputation of such credit institutions or money market funds or management companies managing thereof with a view to ensuring the protection of clients' rights, as well as avoiding any legal requirements or market practices related to the holding of client funds that could adversely affect clients' rights.

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(5) An investment firm may only rely on the consent of the client specified in subsection (1) of this section if the investment firm has informed the client that the holding of client funds in the money market fund that complies with the conditions provided for in subsection (2) is not subject to the requirements for holding and safeguarding client funds set out in this Act.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(6) Where an investment firm deposits client funds on accounts opened with a credit institution or with a money market fund of the same consolidation group as the investment firm, the investment firm may not deposit more than 20% of client funds on such account or money market fund. The provisions of the first sentence of this subsection shall not apply if this is not proportionate on the basis of the assessment of the investment firm, taking account of the nature, scale and complexity of its business, measures taken by the credit institution or money market fund specified in the first sentence of this subsection and the small balance of the amount deposited in any case.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(7) An investment firm shall periodically review the assessment specified in the second sentence of subsection (6) of this section and shall notify the Supervision Authority of any assessment provided and changes therein.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 88[4]. Use and disposal of client securities

(1) It is prohibited for an investment firm to conclude securities financing transactions with securities held by it on behalf of a client, or otherwise use or dispose of such securities for their own account or the account of another client of the investment firm or of any other person. An investment firm may use the securities specified above only if the following conditions are met:
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
1) the client has given a prior express consent to the use of the securities on specified terms in writing and such a consent may be contained in the contract for provision of services entered into with the client;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
2) the use of that client's securities must be restricted to the specified terms.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) It is prohibited for an investment firm to conclude securities financing transactions with securities which are held on behalf of a client in an omnibus account of a third party or any other equivalent account, or otherwise use or dispose of the securities for their own account or for the account of another client of the investment firm or of any other person, unless, in addition to the conditions set out in subsection (1) of this section, at least one of the following conditions is met:
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
1) each client whose securities are held together in an omnibus account or an equivalent account must have given prior consent in accordance with clause (1) 1) of this section;
2) the investment firm must have in place systems and controls which ensure that only securities belonging to clients who have given prior consent in accordance with clause (1) 1) of this section are so used.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(3) An investment firm must keep records of the details of the clients on whose instructions the use of the securities has been effected, as well as the number of securities used belonging to each client who has given his or her consent, so as to enable the correct allocation of any loss.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(3[1]) An investment firm shall take appropriate measures to prevent the use of client securities for their own account or the account of any other person without the consent of the client. The investment firm shall, *inter alia*:
1) specify measures to be taken by the investment firm in an agreement to be entered into with a client in case the client does not have enough provision on its account on the settlement date to settle the transaction, such as borrowing of the securities on behalf of the client or unwinding the position;
2) monitor that the investment firm is able to deliver on the settlement date and establish remedial measures if the settlement cannot be done;
3) monitor the correct settlement of transactions and request promptly undelivered securities outstanding on the settlement date and beyond.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3[2]) An investment firm shall take measures to ensure the borrowing of client securities against the appropriate collateral. The investment firm shall monitor the continued appropriateness of such collateral and take steps to maintain the balance of the collateral with the value of client securities.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) “Securities financing transaction” means a transaction provided for in point (11) of Article 3 of Regulation (EU) 2015/2365 of the European Parliament and of the Council on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (OJ L 337, 23.12.2015, p. 1—34).
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 88[5]. Obligation to disclose trading information

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 88[6]. Application of obligations of systematic internalisers of client orders

(1) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) “Systematic internaliser of client orders” (hereinafter *systematic internaliser*) means an investment firm which, on an organised, frequent, systematic and substantial basis, executes client orders on own account outside a trading venue and without operating a multilateral system.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) For the purposes of §§ 88[7]–88[12]of this Act, "price quotation" means a firm quote for purchasing or selling of a certain amount of shares.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(5) The frequent and systematic basis of executing client orders on own account shall be measured by the number of client orders executed by the investment firm on own account outside a trading venue.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(6) The substantial basis of executing client orders on own account shall be measured either by the total size of the transactions with a specific security carried out by the investment firm outside a trading venue in relation to the total size of the transactions with the specific security carried out by the investment firm in a trading venue or by the total size of the transactions with a specific security carried out by the investment firm outside a trading venue in relation to the total size of the transactions with the specific security in the European Union.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(7) An investment firm is deemed to be a systematic internaliser where the activities of the investment firm cross the limits provided for in Articles 12–16 of Commission Delegated Regulation (EU) 2017/565 or where an investment firm meets the requirements for a systematic internaliser at its own initiative.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(8) If an investment firm is deemed to be a systematic internaliser, it shall notify the Supervision Authority thereof. The Supervision Authority shall communicate the relevant information to the European Securities and Markets Authority.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(9) A systematic internaliser shall be subject to the provisions of the first sentence of subsection 87[3](11) of this Act concerning a trading venue.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 88[7]. Obligation of systematic internaliser to disclose price quotations

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 88[8]. Manner of disclosure of price quotations

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 88[9]. Content of price quotations

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 88[10]. Changing price quotations

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 88[11]. Execution of orders related to price quotations

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 88[12]. Activities of Supervision Authority related to price quotations

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 88[13]. Requirements for personal recommendations

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 89. Prohibited activities upon conducting transactions

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 89[1]. Reports on services provided to clients

(1) An investment firm shall provide the client with adequate reports on the services provided to the client in a durable medium. The reports shall include periodic information, taking into account the type and the complexity of securities involved, the nature of the service provided to the client and, where applicable, the costs associated with the transactions and services undertaken on behalf of the client.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) An investment firm shall submit to its client a report on at least the execution of securities orders and securities portfolio management operations and on the safekeeping of the money and securities of the client.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(3) Where an investment firm provides securities portfolio management service and where it has informed the client that it will carry out a periodic assessment of suitability of the security or service recommended to the client, the investment firm shall submit to the client periodically updated information on how the investment meets the client's preferences, objectives and other indicators of the retail client.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 90. Record-keeping and retention obligation

(1) An investment firm and a branch of a foreign investment firm entered in the Estonian commercial register shall keep records of the services provided and the transactions concluded and the communication between the client and the investment firm and retain the records.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) The records specified in subsection (1) of this section shall enable the Supervision Authority to exercise supervision and to perform the actions in order to ensure the compliance with requirements established by legislation specified in subsection 230 (1) of this Act and to ascertain that the investment firm and a branch of a foreign investment firm has complied with all the obligations, including those with respect to its clients and potential clients and to the securities market as a whole.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(5) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(6) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(7) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(8) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 90[1]. Recording of telephone conversations and electronic communications

(1) An investment firm shall record and maintain, pursuant to the procedure provided for in § 90 of this Act, telephone conversations and electronic communications for the purpose of, at least, the conclusion of transactions made with a security when dealing on own account, the reception and transmission of orders related to the security and the conclusion of transactions related to the execution on behalf or on account of the client, including if the telephone conversations and electronic communications do not result in the conclusion of such transactions or in the provision of services.

(2) An investment firm shall record the telephone conversations and electronic communications specified in subsection (1) of this section carried out by the use of equipment provided by the investment firm to an

employee or service provider or the use of which by an employee or service provider has been accepted or permitted by the investment firm. An investment firm shall take all reasonable steps to prevent an employee or service provider from using privately-owned equipment for conversations and communications specified in subsection (1) of this section, the use of which has not been accepted or permitted by the investment firm, if the investment firm is unable to record or copy conversations and communications carried out by the use of such equipment.

(3) Prior to the provision of investment services, an investment firm shall notify clients and potential clients that the investment firm will record telephone conversations and electronic communications that result or may result in transactions.

(4) An investment firm shall not provide, by telephone, investment services in relation to the reception or transmission of client orders or execution thereof on behalf or on account of clients if clients have not been notified about the recording of their telephone conversations.

(5) An investment firm shall record orders received in any other manner in a durable medium in writing or in a format which can be reproduced in writing and pursuant to the provisions of this section.

(6) The recordings specified in subsection (1) of this section shall be kept for a period of five years and, where requested by the Supervision Authority, for a period of up to seven years. The investment firm shall provide the recordings of communications with the client to the client upon request.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 91. Transaction reporting

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 92. Specification of requirements

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

Chapter 11
PRUDENTIAL REQUIREMENTS

§ 93. Share capital and initial capital of investment firm

[RT I, 09.05.2014, 2 - entry into force 19.05.2014]

(1) Upon the establishment of an investment firm as a new company its share capital or, in case of an operating company, the start-up capital shall at least amount to:
1) 50,000 euros, if the firm is providing services specified in clause 43 (1) 1), 2) or 5) of this Act;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
2) 125,000 euros, if the firm is providing services specified in clause 43 (1) 4) or 7) or clause 44 1) of this Act;
3) 730,000 euros, if the firm is providing services specified in clause 43 (1) 3), 6), 8) or 9) of this Act.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) The initial capital shall consist of the capital and reserves specified in points (a) to (e) of Article 26(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council.

(3) If an investment firm executes only the transaction orders issued by clients and its share capital or initial capital is less than 730,000 euros, it has the right to hold the positions arising from such transactions on its account only if all the following conditions are met:
1) this position arose from the inability of the investment firm to execute the client's order or from the partial execution of the client's order;
2) the total market value of all such positions is subject to a ceiling of 15 per cent of the firm's own funds;
3) the position is of occasional and temporary nature;
4) the position is held no longer than necessary for the execution of the client's order specified in clause 1) of this subsection;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
5) the investment firm complies with the requirements provided for in Articles 92–95 and Part IV of Regulation (EU) No 575/2013 of the European Parliament and of the Council.

(4) The positions not included in a trading portfolio arising from the provision of investment services are not deemed to be investment services specified in clause 43 (1) 3) of this Act.
[RT I, 09.05.2014, 2 - entry into force 19.05.2014]

§ 94. Prudential ratios

(1) In order to guarantee the financial soundness and to reduce the risks related to providing investment services, an investment firm is required at all times to adhere to prudential ratios, which requirements and

accounting procedure are established in Regulation (EU) No 575/2013 of the European Parliament and of the Council and § 822of the Credit Institutions Act.

(2) The investment firms providing the investment services specified in clauses 43 (1) 3) and 6) of this Act shall comply with the provisions of Division $2^1$of Chapter 7 of the Credit Institutions Act.

(3) Eesti Pank may decide not to apply the buffers provided for in §§ $86^{45}$and $86^{46}$of the Credit Institutions Act to small and medium-sized investment firms defined pursuant to the Commission Recommendation No. 2003/361/EC of 6 May 2003, unless this endangers the stability of the financial system. In such case, Eesti Pank shall notify of implementing a derogation the European Commission, the European Systemic Risk Board, the European Banking Authority and, if necessary, the competent authorities of the relevant Contracting States and provide the corresponding reasons.

(4) The own funds of an investment firm shall at all times be equal to or exceed the minimum amount of the initial capital provided for in § 93 of this Act.

(5) The management and internal control systems, the organisation of accounting and the system for documentation and preservation of all transactions and operations of an investment firm shall provide the Supervision Authority with the opportunity at any moment to monitor the compliance with the requirements arising from legislation and ensure the accuracy of the calculation of and reporting on prudential ratios.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(6) If an investment firm is part of a financial conglomerate for the purposes of § 1101 of the Credit Institutions Act, the firm shall comply with the provisions of Chapter $9^1$of the Credit Institutions Act.
[RT I, 09.05.2014, 2 - entry into force 19.05.2014]

§ 94^1.–§ 103^1.[Repealed - RT I, 09.05.2014, 2 - entry into force 19.05.2014]

§ 104. Liquidity

(1) An investment firm shall invest its assets such that the satisfaction of justified claims of creditors, i.e. the liquidity, is guaranteed at all times. For that purpose, an investment firm shall maintain the necessary ratio of liquid assets and current liabilities.

(2) If necessary due to the nature of the services provided by an investment firm or the financial situation of an investment firm, the Supervision Authority may establish a separate liquidity requirement for each investment firm.

§ 105. Limitations on large exposures

[Repealed - RT I, 09.05.2014, 2 - entry into force 19.05.2014]

§ 105^1. Exceptions in calculation of limitations on large exposures

[Repealed - RT I, 09.05.2014, 2 - entry into force 19.05.2014]

§ 106. Notification obligation

An investment firm shall promptly inform the Supervision Authority and provide an explanation if the size of the own funds of the investment firm decreases by more than five per cent.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

§ 106^1. Terms of authorisation procedure upon calculation of prudential ratios

[Repealed - RT I, 09.05.2014, 2 - entry into force 19.05.2014]

Chapter 12
DISCLOSURE OF AND REPORTING ON INFORMATION RELATED TO PRUDENTIAL REQUIREMENTS, RISK MANAGEMENT AND ACCOUNTING

[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 107. Organisation of Accounting

(1) The accounting and reporting of investment firms shall be organised pursuant to the Accounting Act, this Act, other legislation and the articles of association of the investment firm.

(2) The accounting of an investment firm shall provide truthful information relating to the business activities and the financial situation of the investment firm.

(3) The parent undertaking of a consolidation group of an investment firm is required to organise consolidated accounting.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 108. Reports

(1) An investment firm shall prepare reports and submit them to the Supervision Authority pursuant to the procedure prescribed by law and established on the basis of Regulation (EU) No 575/2013 of the European Parliament and of the Council.
[RT I, 10.01.2019, 1 - entry into force 20.01.2019]

(2) If an investment firm belongs to a consolidation group, its parent undertaking over which the Supervision Authority exercises supervision on a consolidated basis shall prepare and submit consolidated reports to the Supervision Authority.

(3) The contents, methods of preparing and procedure for the submission of reports of investment firms and parent undertakings of investment firms shall be established by regulation of the minister responsible for the area.

(4) The contents, methods of preparing and procedure for the submission of reports of branches of foreign investment firms may be established by regulation of the minister responsible for the area.

(5) The Supervision Authority has the right to request additional reports and information necessary for the exercise of supervision to the extent provided by this Act, as well as the information and reports concerning the services provided by an investment firm, which are necessary for the performance of the duties of the Supervision Authority on the basis of Regulation 1095/2010 of the European Parliament and of the Council establishing a European Supervisory Authority (European Securities and Markets Authority) (OJ L 331, 15.12.2010, p. 84–119).
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 109. Term for submission of reports

[RT I, 09.05.2014, 2 - entry into force 19.05.2014]

(1) An investment firm providing investment services provided for in this Act shall submit to the Supervision Authority the supervision reports:
1) once a month, within 20 days after the end of the reporting period, if the investment firm is authorised to provide services specified in clauses 43 (1) 3) or 6) of this Act;
2) once a month, within twenty days after the end of the reporting period, if the investment firm is authorised to provide services specified in clauses 43 (1) 1), 2), 4), 5), 7) or 8) or 44 1) of this Act.
[RT I, 09.05.2014, 2 - entry into force 19.05.2014]

(2) The parent undertaking of a consolidation group of an investment firm shall submit the reports specified in subsection (1) of this section once a quarter within one month after the end of the reporting period.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(3) The annual report, the sworn auditor's report, the proposal for and the resolution on the distribution of profits or the covering of losses for the financial year and an extract from the minutes of the general meeting concerning the approval of or refusal to approve the annual report shall be submitted to the Supervision Authority within two weeks after the general meeting of shareholders but not later than by 1 May of the year following the financial year.
[RT I, 24.03.2011, 1 - entry into force 03.04.2011]

§ 110. Disclosure of reports

(1) An investment firm shall disclose the annual report within four months after the end of the financial year.
[RT I, 24.03.2011, 1 - entry into force 03.04.2011]

(2) An investment firm authorised to provide services specified in clauses 43 3)–8) or 44 1) of this Act shall disclose and submit to the Supervision Authority the public annual reports regarding six months and twelve months within two months after the end of the period under review.

[RT I 2007, 58, 380 - entry into force 19.11.2007]

(3) The list of information to be disclosed, the methods of preparing the reports, the procedure for disclosure and submission to the Supervision Authority of the reports may be established by regulation of the minister responsible for the area.
[RT I 2010, 2, 3 - entry into force 22.01.2010]

(3^1) Upon disclosure of reports, an investment firm is subject to the requirements provided for in subsections 92 (1), (3^1) and (5)–(10) of the Credit Institutions Act.
[RT I, 10.01.2019, 1 - entry into force 20.01.2019]

(4) Reports subject to disclosure by an investment firm shall be available at the registered office and all branches and representative offices of the investment firm as well as on its website. If the investment firm does not have its own website, it shall submit the report subject to disclosure to the Supervision Authority for disclosure thereof on the website of the Supervision Authority.
[RT I 2005, 59, 464 - entry into force 01.03.2006]

(5) A branch of a foreign investment firm shall disclose at least the last annual report of the investment firm which has been prepared according to the legislation of the home country of the investment firm and translated into Estonian.
[RT I 2005, 59, 464 - entry into force 01.03.2006]

§ 110^1. Information concerning risk management, own funds and capital adequacy subject to disclosure

(1) An investment firm shall disclose the following information concerning risk management and the principles of calculation of capital adequacy:
1) strategy of risk management and processes by significant risk;
2) extent of application of Chapter 11 of this Act by the investment firm and its consolidation group;
3) principles of calculation of Tier 1, 2 and 3 own funds;
4) principles and methods of the process provided in § $82^2$of this Act;
5) methods used for calculation of capital requirement.

(2) An investment firm shall disclose the following information on own funds and capital adequacy:
1) the size of Tier 1, 2 and 3 own funds, set forth by component;
2) size of capital requirements, set forth by risk.

(3) The information provided in subsection (1) of this section shall be disclosed and submitted to the Supervision Authority together with the annual report at least once a year at the time provided in § 109 of this Act. If significant changes occur during a financial year in the information subject to disclosure based on subsection (1) of this section, such changes shall be disclosed together with the interim account of the corresponding accounting period in the manner and at the time provided by § 110 of this Act.

(4) The information provided by subsection (2) of this section shall be disclosed and submitted, together with the annual account and interim accounts, to the Supervision Authority in the manner and at the time provided by § 110 of this Act.

(5) Specific requirements for the information subject to disclosure concerning risk management, own funds and capital adequacy of an investment firm, and for the methods for disclosure of such information shall be established by regulation of the minister responsible for the area.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 111. Audit

(1) Companies belonging to the same consolidation group as an investment firm shall be audited by at least one common auditor.

(2) As a result of auditing an investment firm, an auditor shall submit a report to the investment firm and the Supervision Authority, assessing, inter alia, prudential requirements established for own funds and the sufficiency and efficiency of the internal audit system.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 112. Appointment of auditor

(1) A trustworthy person with adequate expertise and experience to audit investment firms may be appointed auditor of an investment firm.

(2) The auditor of an investment firm may be appointed to conduct a single audit or for a specific term which shall not exceed five years.

(3) An auditor shall be appointed by a court of the location of the investment firm on the basis of a petition from the Supervision Authority if:
1) the general meeting has not appointed an auditor;
2) the auditor appointed by the general meeting refuses to conduct an audit and the general meeting of the investment firm fails to appoint another auditor within one month;
3) in the opinion of the Supervision Authority, the auditor is no longer trustworthy.

(4) The authority of a court-appointed auditor shall continue until appointment of a new auditor by the general meeting.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 113. Notification obligation of auditor

(1) An auditor is required to notify the Supervision Authority promptly in writing of any circumstances of which he or she becomes aware in the course of conducting an audit of the investment firm and which result or may result in:
1) material violation of legislation regulating the activities of investment firms;
2) interruption of the activities of the investment firm;
3) interruption of the activities of a subsidiary of the investment firm;
4) a qualified report by the sworn auditor concerning the annual accounts or consolidated accounts of the investment firm;
[RT I 2010, 9, 41 - entry into force 08.03.2010]
5) a situation, or the risk of a situation arising, in which the investment firm is unable to perform its obligations;
6) an act by a manager or employee causing significant proprietary damage to the investment firm or to a client or clients thereof.

(1^1) An auditor is required to notify the Supervision Authority promptly in writing of any circumstances of which he or she becomes aware in the course of conducting an audit of a person which has a close link with an investment firm and which result or may result in the circumstances provided in subsection (1) of this section.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) An obligation not to disclose information, which is imposed on an auditor by legislation or a contract, does not apply to the requirement to forward information to the Supervision Authority.

Chapter 13
MERGER OF INVESTMENT FIRMS

§ 114. Prohibition of division

Division of an investment firm is prohibited.

§ 115. Special merger rules

(1) The merger of an investment firm shall be performed pursuant to the procedure prescribed in the Commercial Code, unless otherwise prescribed in this Chapter.

(2) Investment firms may be merged only with investment firms founded according to the law of a Contracting State, except as a firm being acquired with a credit institution in the case provided for in clause 65 (1) 2) of the Credit Institutions Act.
[RT I, 10.01.2019, 1 - entry into force 20.01.2019]

(3) If investment firms merge by founding a new company, the authorisations of all the merging investment firms expire.

§ 115^1. Own funds upon merger of investment firms

The own funds of a new investment firm created upon merger of two or more investment firms shall not fall below the overall level of own funds of the merged investment firms at the moment of merger.
[RT I, 09.05.2014, 2 - entry into force 19.05.2014]

§ 116. Merger agreement and merger report

(1) The merger agreement of an investment firm shall not be entered into with a suspensive or resolutive condition.

(2) The Supervision Authority shall be notified of entry into a merger agreement between investment firms within three working days as of the merger agreement being entered into.

(3) Upon the merger of investment firms, a merger report shall be prepared and the report shall be audited by an auditor.
[RT I, 02.11.2011, 1 - entry into force 12.11.2011]

(4) The auditor's report shall provide an opinion on the exchange ratio of shares and the determination thereof and on whether the acquiring investment firm or the investment firm being founded meets the prudential ratios provided for in this Act.

§ 117. Authorisation for merger

(1) Authorisation is necessary from the Supervision Authority for the merger of investment firms (hereinafter *authorisation for merger*).

(2) In order to be granted authorisation for merger, the acquiring investment firm or, in the case prescribed in subsection 115 (3) of this Act, the merging investment firms jointly shall submit an application to the Supervision Authority to which the following information and documents are appended:
1) the merger agreement or a notarised copy thereof;
2) the merger report;
3) merger resolutions if the adoption thereof is required;
[RT I, 02.11.2011, 1 - entry into force 12.11.2011]
4) the auditor’s report;
5) the business plan specified in clause 54 (1) 11) of this Act for the three years following the merger;
6) the information and documents specified in clauses 54 (1) 4), 5), 12) and 13) of this Act.

(3) The provisions of § 53 and subsections 55 (1)–(4[1]) of this Act regarding applications for authorisations and the review thereof shall apply with respect to applications for authorisation for merger.
[RT I 2005, 59, 464 - entry into force 15.11.2005]

§ 118. Decision regarding authorisation for merger

(1) A decision to grant or to refuse to grant authorisation for merger or to grant an authorisation to an investment firm founded as a result of a merger shall be taken by the Supervision Authority not later than within thirty days as of submission of all the required information and documents. The applicant shall be informed of the decision immediately.

(2) The Supervision Authority may refuse to grant authorisation for merger if:
1) the information or documents submitted upon applying for authorisation for merger do not meet the requirements provided for in this Act or legislation established on the basis thereof or such information is or such documents are inaccurate, misleading or incomplete;
2) the applicant fails, within the prescribed term, or refuses to submit the information or documents subject to submission to the Supervision Authority upon applying for authorisation for merger;
3) the investment firm founded as a result of the merger does not meet the requirements provided for in this Act or legislation established on the basis thereof or if the merger harm the interests of clients of the investment firm for some other reason;
4) in the opinion of the Supervision Authority, a manager or person carrying out the duties of the internal audit unit of the investment firm resulting from the merger or a person having a qualifying holding therein does not meet the requirements provided for in this Act;
[RT I, 09.05.2014, 2 - entry into force 19.05.2014]
5) the merger would significantly reduce effective competition in the securities market or would harm the regular operation of the securities market for some other reason.

(3) The Supervision Authority shall decide to terminate an authorisation upon merger of investment firms whereby a new investment firm is founded at the same time when it decides to grant an authorisation to an investment firm founded as a result of a merger, and the decision does not enter into force before the date of entry of the new investment firm in the commercial register.

(4) The Supervision Authority shall decide to terminate an authorisation of an investment firm being acquired upon merger of investment firms at the same time when it decides to grant an authorisation for merger, and the decision does not enter into force before the date when the merger is entered in the commercial register.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 119. Merger notification

[RT I 2007, 65, 405 - entry into force 15.12.2007]

(1) Merging investment firms shall immediately publish a merger notification concerning the fact of being granted authorisation for merger in at least one national daily newspaper and on the websites of all merging investment firms.
[RT I 2007, 65, 405 - entry into force 15.12.2007]

(2) [Repealed - RT I 2007, 65, 405 - entry into force 15.12.2007]

(2^1) An investment firm shall submit an application for entry of a merger in the commercial register promptly after publication of the merger notice specified in subsection (1) of this section.
[RT I 2007, 65, 405 - entry into force 15.12.2007]

(3) The Supervision Authority shall publish the decision on the grant of an authorisation for the merger of investment firms on its website pursuant to the procedure provided on the basis of subsection 237 (3) of this Act.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

Chapter 13^1
INVESTMENT AGENT

[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 119^1. Use of investment agents

(1) An investment agent is a representative of an investment firm acting on the basis of an authorisation document who may be used by the investment firm for the advertising, introductions and sales promotion of the investment services and ancillary services provided by the firm, the receipt and forwarding of the orders related to securities of clients, including the forwarding of instructions related to investment services, the organisation of the offer or issue of securities, or for provision of consultations related to securities and the services provided by the investment firm. An investment agent may carry out such activities as an ancillary activity.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) The use of investment agents shall be established by the internal policies of an investment firm.

(3) An investment agent may represent only one investment firm.

(4) The provisions of § $82^6$of this Act apply to the use of investment agents by investment firms.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(5) The provisions of this Chapter concerning investment agents do not apply to investment firms which provide services equivalent to the services provided by an investment agent.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 119^2. List of investment agents

(1) Only an investment agent included in the list of investment agents (hereinafter *list*) is permitted to operate as an investment agent, and an investment firm is permitted to use only the services provided by an investment agent entered in such list.

(2) An investment agent is entered in and deleted from the list by the investment firm whom the agent represents or, in cases provided by law, by the Supervision Authority.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) The list shall be published on the web site of the Supervision Authority.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 119^3. Requirements for investment agents

(1) Investment agents who are natural persons and members of the management board of investment agents who are companies shall have impeccable professional and business reputation.

(2) The following shall not operate in the capacity of the persons specified in subsection (1) of this section:
1) persons whose act has resulted in the bankruptcy or compulsory liquidation of a company or the revocation of the authorisation of a company;
2) persons who are subjected to a prohibition on business;
3) persons whose activities have shown that they are not capable of organising the management of a company such that the interests of the shareholders, members, creditors and clients of the company are sufficiently protected;
4) persons who have been punished for an economic offence, official misconduct, offence against property or offence against public trust unless the information concerning the punishment has been expunged from the punishment register pursuant to the Punishment Register Act.

(3) The natural persons specified in subsection (1) of this section must have sufficient experience in work related to the provision of investment and financial services and sufficient training in the area of investment.

(4) An investment firm represented by an investment agent shall provide, at the request of its investment agent, training in the area of investment to the investment agent.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 119[4]. Entry of investment agent in list

(1) A person is entered in the list on the basis of the person's application.

(2) The investment firm who received an application shall make a decision on entry in the list or refusal of entry in the list within fourteen days after receipt of the application. An investment firm shall enter the applicant in the list promptly after the relevant decision is made.

(3) Persons who do not comply with the requirements provided for in subsections 79[1](1), (2), (4) and (5) and § 119[3]of this Act shall not be entered in the list.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) The given name and surname of an investment agent, his or her personal identification code, contact details and the name of the investment firm whom the investment agent represents shall be entered in the list concerning an investment agent who is a natural person.

(5) The business name, registry code and address of an investment agent, the name of the investment firm whom the investment agent represents, and the given name and surname of the member of the management board responsible for assisting the investment firm in its operation shall be entered in the list concerning an investment agent who is a legal person.

(6) The investment firm who made an entry in the list shall be responsible for the accuracy of the entry.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 119[5]. Deletion of investment agent from list

(1) An investment firm represented by an investment agent shall immediately delete the investment agent from the list as its representative if:
1) the investment agent requests deletion thereof from the list;
2) the investment agent is a legal person and is dissolved or the investment agent is a natural person and dies;
3) the representation relationship between the investment agent and the investment firm is terminated;
4) the investment agent does not conform to the requirements prescribed for investment agents by this Act;
5) a member of the management board of the investment agent does not meet the requirements provided for in this Act;
6) the investment agent has violated the provisions of this Act or the interests of the clients of the investment firm are insufficiently protected;
7) the Supervision Authority demands the deletion of the investment agent from the list due to the becoming evident of any of the facts specified in this subsection.

(2) Upon becoming evident of the facts specified in subsection (1) of this section, the Supervision Authority has the right to delete an investment agent from the list.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 119[6]. Specific duties of investment agents

(1) In addition to performing the duties of notifying clients provided by this Act and arising from legislation established on the basis thereof, an investment agent has the duty to disclose, upon contacting a client or a potential client, the name of the investment firm represented by the agent and the extent of the agent's authorities.

(2) An investment agent has no right to receive or store money or securities to be transferred by a client to the investment firm unless the investment agent itself is an investment firm or a credit institution.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

Part 3[1]
DATA REPORTING SERVICES

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

Chapter 13[2]
RIGHT TO OPERATE

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 119[7]. Data reporting services providers

(1) "Data reporting services provider" means a publication arrangement, a consolidated tape provider and a reporting mechanism concerning securities (hereinafter *data reporting services provider*).

(2) "Trade reports" means reports submitted under Articles 6, 7, 10, 12, 13, 20 and 21 of Regulation (EU) No 600/2014 of the European Parliament and of the Council.

(3) "Publication arrangement" means a person authorised to publish trade reports on behalf of one or several investment firms pursuant to Articles 20 and 21 of Regulation (EU) No 600/2014 of the European Parliament and of the Council.

(4) "Consolidated tape provider" means a person authorised to collect trade reports specified in Articles 6, 7, 10, 12, 13, 20 and 21 of Regulation (EU) No 600/2014 of the European Parliament and of the Council from operators of a trading venue and publication arrangements and consolidate them into a continuous electronic live data stream providing price and volume data per security.

(5) "Reporting mechanism" means a person authorised to provide details of transactions to the Supervision Authority, to the competent supervisory agencies of other Contracting States or to the European Securities and Markets Authority on behalf of investment firms.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 119[8]. Authorisation of data reporting services providers

(1) In order to operate as a data reporting services provider, a person shall hold a relevant authorisation (hereinafter in this Chapter *authorisation*). If the services specified in subsections 119[7](3)–(5) of this Act are provided by the same person, the services for the provision of which the rights have been granted are set out in a single authorisation.

(2) The provisions of subsections 48 (2)–(4), subsection 51 (1), clauses 51 (2) 1) and 3) and subsection 51 (3), § 52, subsection 53 (1), subsection 54 (2), §§ 55, 55[1]and 57, subsections 58 (1) and (3)–(4) and §§ 58[1]and 113 of this Act shall apply with respect to authorisations of data reporting services providers.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 119[9]. Scope of authorisations

(1) A person who wishes to provide data reporting services (hereinafter *applicant*) shall submit to the Supervision Authority an application for authorisation for the provision of one or several services specified in subsections 119[7](3)–(5) of this Act.

(2) In order to obtain an authorisation, an investment firm or market operator who wishes to provide data reporting services shall submit information and documents specified in subsection 119[10](3) of this Act.

(3) The provisions of subsection (1) of this section do not apply to a person authorised to provide data reporting services in another Contracting State.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 119[10]. Application for authorisation

Upon application for an authorisation, the applicant shall submit to the Supervision Authority:
1) information and documents required under Article 1 of Commission Delegated Regulation (EU) 2017/571 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards on the authorisation, organisational requirements and the publication of transactions for data reporting services providers (OJ L 87, 31.3.2017, p. 126—141);
2) information and documents specified in clauses 54 (1) 1), 2), 7), 8), 12) and 15) of this Act;
3) procedures specified in subsections 119[17](1)–(3) and (8) of this Act or drafts thereof and descriptions of systems specified in subsections (9)–(12) as well as internal policies specified in § 119[18].
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 119[11]. Application for additional authorisation

(1) In order to provide services specified in subsections 119[7](3)–(5) of this Act which are not set out in the authorisation of a data reporting services provider, the data reporting services provider shall apply for an additional authorisation from the Supervision Authority.
2) Upon application for an additional authorisation, a data reporting services provider shall submit to the Supervision Authority a written application, a supplemented programme of operations and updated procedures specified in subsections 11917 (1)–(3) and (8) of this Act and descriptions of systems specified in subsections (9)–(12) as well as internal policies specified in § 119[18].
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 119[12]. Grounds for refusal to grant authorisation

The Supervision Authority may refuse to grant the authorisation of a data reporting services provider or the right to provide one or several services specified in subsections 119[7](3)–(5) of this Act if:
1) the applicant or managers of the applicant do not meet the requirements provided for in this Act, legislation issued on the basis thereof or Commission Delegated Regulation (EU) 2017/571;
2) the information or documents submitted upon application for the authorisation do not meet the requirements provided for in legislation specified in clause 1) of this subsection or are inaccurate, misleading or incomplete;
3) close links between the applicant and another person prevent sufficient supervision over the data reporting services provider, or the requirements arising from legislation or the implementation of legislation of the state where the person with whom the applicant has close links has been established prevent sufficient supervision over the data reporting services provider;
4) information submitted in the programme of operations are inadequate or insufficient;
5) the procedures specified in subsections 119[17](1)–(3) and (8) of this Act or drafts thereof and descriptions of systems specified in subsections (9)–(12) as well as internal policies specified in § 119[18]are not accurate or unambiguous enough to regulate the activities of the data reporting services provider;
6) the applicant or a manager of the applicant has been punished for an economic offence, official misconduct, offence against property or offence against public trust or the financing or supporting of an act of terrorism or activities aimed at the commission thereof, and the relevant information concerning the punishment has not been deleted from the criminal records database pursuant to the Criminal Records Database Act or an international sanction has been imposed on the applicant or a manager of the applicant;
7) an authorisation of a data reporting services provider granted to a public limited company has been revoked earlier, unless the authorisation has been revoked under § 119[13]of this Act.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 119[13]. Grounds for revocation of authorisation

The Supervision Authority may revoke an authorisation in full or in part if:
1) a data reporting services provider fails to commence activities within twelve months of granting the authorisation, expressly renounces the authorisation or has provided no data reporting services for six consecutive months;
2) it has been established that the applicant has submitted inaccurate information upon application for the authorisation or obtained the authorisation by any other irregular means, as well as if other events of submission of inaccurate information to the Supervision Authority by or on behalf of the data reporting services provider occur;
3) a data reporting services provider does not meet the requirements in force with regard to the grant of authorisations;
4) the circumstances provided for in clause 119[12]3) or 4) of this Act become evident;
5) the applicant or a manager of the applicant has been punished for an economic offence, official misconduct, offence against property or offence against public trust or the financing or supporting of an act of terrorism or activities aimed at the commission thereof, and the relevant information concerning the punishment has not been deleted from the criminal records database pursuant to the Criminal Records Database Act or an international sanction has been imposed on the applicant or a manager of the applicant or the acts or omissions of the data reporting services provider are contrary to good business practices;
6) a data reporting services provider has published incorrect or misleading information or advertising concerning its activities or managers;
7) a data reporting services provider is no longer able to perform obligations assumed;
8) a data reporting services provider has failed to implement a precept of the Supervision Authority within the term or to the extent prescribed;
9) elements become evident in the activities of the data reporting services provider, which, based on the reasonable doubt of the Financial Supervision Authority, might be an indication of money laundering, or the data reporting services provider violates the procedure for preventing money laundering and terrorist financing established by legislation;

10) the data reporting services provider has repeatedly or significantly violated the requirements provided by legislation;
11) according to the information submitted to the Supervision Authority by the financial supervision authority of the Contracting State, the data reporting services provider has violated the conditions provided for in the legislation of the Contracting State or established by the financial supervision authority of the Contracting State.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

Chapter 13[3]
REQUIREMENTS FOR MANAGEMENT AND ORGANISATIONAL STRUCTURE OF DATA REPORTING SERVICES PROVIDERS

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 119[14]. Requirements for election, competence and activities of managers of data reporting services providers

(1) Persons who have the necessary knowledge, skills, experience, education, professional qualifications required to manage a data reporting services provider, who have an impeccable business reputation and sufficient time to perform their duties and who fit into the composition of the managers by their knowledge, experience and skills may only be elected or appointed members of the management board or supervisory board of data reporting services providers (hereinafter in this Chapter *manager*). The managers of a data reporting services provider shall possess adequate collective knowledge, skills and experience to understand activities of a data reporting services provider.

(2) The business reputation of the person specified in subsection (1) of this section is, among other things, not impeccable if:
1) an act or omission of the person has resulted in the bankruptcy or the revocation of the authorisation of a data reporting services provider, creditor, credit intermediary, credit institution, investment firm or other person subject to financial supervision at the initiative of a financial supervision authority;
2) the person has been punished for a crime in the first degree and the relevant information concerning the punishment has not been deleted from the criminal records database pursuant to the Criminal Records Database Act;
3) a court has imposed on the person an occupational ban in accordance with § 49 of the Penal Code or a prohibition on engaging in enterprise in accordance with § 49[1] thereof, also if a prohibition on business prescribed by law or a court decision or a prohibition on working in a particular profession or position has been imposed on the person or the person has been punished for the violation of such a prohibition, and the relevant information concerning the punishment has not been deleted from the criminal records database pursuant to the Criminal Records Database Act;
4) the person is not capable of organising the activities of a data reporting services provider in such a way that the interests of clients are sufficiently protected;
5) the person has submitted false information to the Supervision Authority or failed to submit important information;
6) the person has been punished for an economic offence, official misconduct, offence against property or offence against public trust or the financing or supporting of an act of terrorism or activities aimed at the commission thereof, and the relevant information concerning the punishment has not been deleted from the criminal records database pursuant to the Criminal Records Database Act or an international sanction has been imposed on the person.

(3) Managers of a data reporting services provider shall commit sufficient time to perform their duties and act with the prudence and diligence expected of them and according to the requirements for their positions, giving priority to the economic interests of the data reporting services provider and clients over their own personal economic interests.

(4) A manager shall act with honesty, integrity and independence of mind to effectively challenge the decisions of the supervisory board where necessary and to effectively oversee and monitor management decision-making where necessary.

(5) A data reporting services provider shall define and oversee the implementation of the governance arrangements in its internal policies, which ensure effective and prudent management of an organisation, including the segregation of duties in the organisation and the prevention of conflicts of interest, in a manner that promotes the integrity of the market and the interests of its clients.

(6) The managers of a data reporting services provider are required to review on a regular basis the regulations and other rules of procedure established on the basis of this Act, evaluate their efficiency and take necessary measures to eliminate any deficiencies.

(7) When assessing the compliance with requirements of a manager of a data reporting services provider, the Supervision Authority shall take account of the information to be submitted on managers on the basis of Article 4 of Commission Delegated Regulation (EU) 2017/571.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 119[15]. Giving notification of managers and auditor

(1) Upon the election or appointment of a manager of a data reporting services provider, the person to be elected or appointed shall present the following to the data reporting services provider:
1) the information specified in clauses 54 (1) 5) and 6) of this Act;
2) confirmation that no circumstances exist which, according to this Act, would preclude the right of the person to act as a manager of the data reporting services provider.

(2) A data reporting services provider shall inform the Supervision Authority of the election or appointment of managers and an auditor, and of their resignation or the initiation of their removal before the expiry of their term of office or the extension of the term of office of a manager at least ten days before making the corresponding decision or immediately after the receipt of the corresponding application, and shall submit the information required to assess the compliance with the requirements provided for in § 119[14]of this Act.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 119[16]. Removal of manager of data reporting services provider

(1) The Supervision Authority has the right to request, by its precept, that the manager of the data reporting services provider be removed or not elected or appointed if:
1) the person does not meet the requirements established for managers in this Act;
2) the person has submitted misleading or incorrect information or false documents in connection with their election or appointment;
3) the activities of the person in managing the data reporting services provider have demonstrated their inability to manage the data reporting services provider in a sound and prudent manner or their inability to organise the management of the data reporting services provider such that the interests of clients and creditors are sufficiently protected.

(2) A court may appoint a new member instead of the removed manager of the data reporting services provider upon the request of the Supervision Authority. The authority of a court-appointed manager shall continue until appointment or election of a new manager by the general meeting.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 119[17]. Organisational requirements for data reporting services providers

(1) A publication arrangement shall have adequate policies and arrangements in place to make public the information required under Articles 20 and 21 of Regulation (EU) No 600/2014 of the European Parliament and of the Council as close to real time as is technically possible, on a reasonable commercial basis.

(2) A consolidated tape provider shall have adequate policies and arrangements in place to collect the information made public in accordance with the procedure provided for in Articles 6, 10, 20 and 21 of Regulation (EU) No 600/2014 of the European Parliament and of the Council, consolidate it into a continuous electronic data stream and make the information available to the public as close to real time as is technically possible, on a reasonable commercial basis.

(3) A reporting mechanism shall have adequate policies and arrangements in place to report the information specified in Article 26 of Regulation (EU) No 600/2014 of the European Parliament and of the Council as quickly as possible, and no later than the close of the working day following the day upon which the transaction took place. Such information shall be reported in accordance with the requirements provided for in the Article mentioned above.

(4) The information specified in subsection (1) of this section shall be made available free of charge within 15 minutes after the publication arrangement has published it. The information specified in subsection (2) of this section shall be made available free of charge within 15 minutes after the consolidated tape provider has published it. The publication arrangement and consolidated tape provider shall efficiently and consistently disseminate such information in a way that ensures fast access to the information, on a non-discriminatory basis, and in a format that, in terms of the publication arrangement, facilitates the consolidation of the information with similar data from other sources and, in terms of the consolidated tape provider, is easily accessible and utilisable for market participants. The information made public by the consolidated tape provider in accordance with Articles 10 and 21 of Regulation (EU) No 600/2014 of the European Parliament and of the Council must be submitted in a generally accepted and interoperable format.

(5) The information made public by a publication arrangement in accordance with subsection (1) of this section shall include, at least, the following:
1) the identifier of the security;
2) the price at which the transaction was concluded;
3) the volume of the transaction;
4) the time of the transaction;
5) the time the transaction was reported;
6) the price notation of the transaction;
7) the code for the trading venue the transaction was executed on, or where the transaction was executed via a systematic internaliser the code 'SI' or otherwise the code 'OTC';
8) if applicable, an indicator that the transaction was subject to specific conditions.

(6) In addition to the provisions of subsection (5) of this section, the information made public by a consolidated tape provider shall include:
1) in the event of information made public in accordance with Articles 10 and 21 of Regulation (EU) No 600/2014 of the European Parliament and of the Council, identifying features of the security as an alternative to the identifier of the security;
2) in the event of information made public in accordance with Articles 6 and 20 of Regulation (EU) No 600/2014 of the European Parliament and of the Council, at least information on whether an algorithm within the investment firm was responsible for the investment decision and the execution of the transaction, and in the event of a waiver from the obligation to make public the information referred to in Article 3(1), a flag to indicate whether the obligation was waived in accordance with point (a) or (b) of Article 4(1) of that Regulation.

(7) The consolidated tape provider shall ensure that the data provided is consolidated from all the trading venues and publication arrangements and for the securities that comply with the requirements established in Commission Delegated Regulation (EU) 2017/571.

(8) A data reporting services provider shall operate and maintain arrangements designed to prevent conflicts of interest with its clients. In particular, a publication arrangement who is also a market operator, a market operator and an approved publication arrangement, who also operate a consolidated tape, and a reporting mechanism shall treat all information collected in a non-discretionary fashion and shall operate and maintain appropriate arrangements to separate other business functions from the above.

(9) The data reporting services provider shall have sound security mechanisms in place designed to guarantee the security of the means of transfer of information and minimise the risk of data corruption and unauthorised access to data. The security mechanisms that the reporting mechanism and publication arrangement have in place shall prevent information leakage and, in the event of the publication arrangement, prevent the same until publication. The security mechanisms that the publication arrangement has in place shall also guarantee the authentication of the means of transfer of information and maintain the confidentiality of the data at all times. The data reporting services provider shall maintain adequate resources and have back-up facilities in place in order to ensure the provision of services at all times.

(10) The publication arrangement shall have systems in place that can effectively check trade reports for completeness, identify omissions and obvious errors and request re-transmission of any such erroneous reports.

(11) The reporting mechanism shall have systems in place that can effectively check transaction reports for completeness, identify omissions and obvious errors caused by the investment firm and where such errors and omissions occur, to communicate details of the errors or omissions to the investment firm and request re-transmission of any such erroneous reports.

(12) The reporting mechanism shall have systems in place to enable the reporting mechanism to detect errors or omissions caused by the reporting mechanism itself and to enable the reporting mechanism to correct and transmit, or re-transmit as the case may be, correct and complete transaction reports to the Supervision Authority.

(13) Upon the provision of services, the data reporting services provider shall also adhere to the requirements provided for in Articles 84–89 of Commission Delegated Regulation (EU) 2017/565.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 119[18]. Policies and procedures

(1) A data reporting services provider shall operate and maintain rules of procedure regulating the activities of the data reporting services provider and managers and employees thereof, which guarantee the compliance with legislation governing the activities of the data reporting services provider and decisions of the management bodies of the data reporting services provider.

(2) The internal policies operated and maintained by a data reporting services provider shall ensure lawful and orderly provision of data reporting services. A data reporting services provider shall regularly assess the effectiveness and correspondence to reality of the internal policies and adjust the internal policies such that the best protection of interests of clients is ensured.

(3) Among other matters, the internal policies shall determine:

1) the procedure for the communication of information and movement of documents within the data reporting services provider, including requirements for submission and forwarding of information;
2) the procedure for the provision of data reporting services, including a plan for determination of a risk of interruption of business relating to the provision of data reporting services, for managing or prevention of the risk thereof;
3) criteria for selection of employees, professional or official functions, relationships of subordination, reporting lines, the procedure for reporting and the delegation of rights, and shall provide the separation of functions upon assumption of obligations in the name of the data reporting services provider, the recording of services for accounting and reporting purposes and the assessment of risks;
4) the procedure for maintaining databases and processing of data;
5) internal rules of procedure for imposing international sanctions established on the basis of the International Sanctions Act and application of the Money Laundering and Terrorist Financing Prevention Act, and the code of conduct for verification of compliance therewith.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

Part 4
REGULATED MARKET

Chapter 14
RIGHT TO OPERATE

§ 120. Authorisation

(1) In order to operate a regulated market (hereinafter in this Part *market*) as a permanent area of activity, a corresponding authorisation (hereinafter in this Part *authorisation*) shall be applied for from the Supervision Authority.

(2) A separate authorisation shall be applied for for operating each market. An authorisation for a multilateral trading facility can be applied for only together with an authorisation for a market or after obtaining an authorisation for a market.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(3) Each market may have only one operator of the market (hereinafter in this Chapter and Chapters 14^1–18 *operator*). An operator shall not operate only a multilateral trading facility.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) Only public limited companies have the right to operate as operators.

(5) An operator does not have the right to engage in other areas of activity which are not related to operating the market or any other trading venue operated by the operator or which endanger the regular and reliable operations of the market or any other trading venue operated by the operator or its activities as an operator.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 121. Application for and processing of authorisation

(1) The provisions of subsections 48 (2)–(4), subsection 51 (1), clauses 51 (2) 1) and 3) and subsection 51 (3), § 52, subsection 53 (3), subsections 54 (2) and (3) and §§ 55, 55^1, 57, $58^1$and 113 of this Act shall apply with respect to authorisations of operators.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) Upon application for an authorisation, the members of the management board of a company being founded or operating (hereinafter in this Chapter *applicant*) shall submit a written application, as well as the information and documents specified in clauses 54 (1) 1)–10), 12) and 15) of this Act, the draft rules specified in § 127 of this Act and the applicant's business plan for the next three years (hereinafter in this Chapter *application*).
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(3) The business plan specified in subsection (2) of this section shall contain a precise description of the trading, settlement, information and other systems of the market as well as a description of the applicant's organisational structure, places of business and the information technology and other technical measures to be implemented, and its economic indicators.

(4) The minister responsible for the area may, by a regulation, establish more specific requirements for the business plan specified in subsection (2) of this section.

§ 122. Refusal to grant authorisation

(1) The Supervision Authority shall refuse to grant an authorisation if:
1) the information or documents submitted upon application for the authorisation do not meet the requirements provided for in this Act or legislation established on the basis thereof or are inaccurate, misleading or incomplete;
2) the applicant fails, within the prescribed term, or refuses to submit the information or documents subject to submission upon application for an authorisation or requested by the Supervision Authority to the Supervision Authority;
3) the applicant, due to its organisational structure, legal and technical solutions or insufficiency of assets and owners' equity, is not able to meet the requirements established by this Act and legislation established on the basis thereof for operators, the market or any other trading venue operated by the operator;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
4) other areas of activity of the applicant endanger the regular or lawful operation of the market or any other trading venue operated by the operator or its activities as an operator;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
5) in the opinion of the Supervision Authority, the members of the supervisory board and management board of the applicant do not have sufficient knowledge for operating a market or any other trading venue operated by the operator or they are unable to operate the market or any other trading venue operated by the operator in a regular and lawful manner, or that manager of the applicant is lacking the education, knowledge, experience or impeccable reputation necessary to perform his or her duties;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
6) a manager has been a bankrupt or if bankruptcy proceedings with respect to this person have been terminated by abatement, or if the activities or omissions of the manager have led to the bankruptcy, compulsory dissolution or revocation of the authorisation of a person or if the activities or omissions of the manager have shown his or her inability to organise the activities of a professional securities market participant or qualified investor in a manner that would sufficiently protect the interests of its creditors;
7) the applicant fails to meet the requirements provided for in this Act or legislation established on the basis thereof;
8) the applicant has materially or repeatedly violated requirements provided for in legislation or the activities or omissions of the applicant are in contradiction with good business practices;
9) close links between the applicant and another person prevent sufficient supervision over the operator, or the requirements arising from legislation or the implementation of legislation of the state whose rules of law apply to the applicant or the persons with whom the applicant has close links prevent sufficient supervision over the operator.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) During the period of validity of its authorisation, an operator shall prevent circumstances which would serve as a basis for refusal to grant the authorisation as provided for in subsection (1) of this section.

§ 123. Revocation of authorisation

(1) Unless otherwise prescribed by this section, the provisions of subsections 58 (1) and (3)–(4) of this Act shall apply with respect to revocation of the authorisation of an operator.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) The Supervision Authority has the right to revoke an authorisation if:
1) disorder in the market or any other trading venue operated by the operator may endanger the economy of the state as a whole or law and order in the state;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
2) the operator endangers the regular or lawful operation of the market or any other trading venue operated by the operator through its activities or omissions;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
3) the operator does not meet the valid requirements for the grant of authorisations;
4) the operator is unable to ensure, to the extent of its competence, protection of the interests of investors related to the market or any other trading venue operated by the operator;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
5) grounds for refusal to grant an authorisation provided for in subsection 122 (1) of this Act exist with respect to the operator;
6) the operator has repeatedly or materially violated the provisions of legislation regulating its activities or the activities of the operator are in contradiction with good business practices;
7) according to information submitted to the Supervision Authority by a securities market supervisory agency of a Contracting State, the operator has violated the conditions provided by legislation of the Contracting State;
8) the operator fails to comply in full or within the prescribed term with a precept issued by the Supervision Authority;
9) the activities or omissions of the operator have led to a loss of confidence therein;
10) it becomes evident that the operator has chosen Estonia as the place for application for an authorisation and registration in order to evade compliance with stricter requirements established for operators in another Contracting State where the operator mainly operates;
10^{1}) it has been established that the applicant has submitted inaccurate information upon application for the authorisation or obtained the authorisation by any other irregular means, as well as if other events of submission of inaccurate information to the Supervision Authority by or on behalf of the operator occur;

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
11) the operator fails to commence activities within twelve months of the grant of the authorisation or has not operated the market for more than six consecutive months, or if an act by the founders of the operator shows that the operator will be unable to commence activities within twelve months of the grant of the authorisation, or the operator expressly renounces the authorisation;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
12) the operator fails to commence operating the market within six months as of the grant of the authorisation.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

Chapter 14[1]
REQUIREMENTS FOR CONTROL, MANAGEMENT AND ORGANISATIONAL STRUCTURE OF OPERATORS OF MARKETS

[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 123[1]. Qualifying holding in operator

(1) The provisions concerning investment firms in §§ 72–78 of this Act apply to operators and persons acquiring, increasing, decreasing, transferring or owning a qualifying holding in the operators.

(2) An operator shall publish, at its website, clear, correct and accurate data concerning the shareholders who had, as at the end of the previous financial year, a qualifying holding in the operator. The operator shall amend the data immediately after becoming aware of changes thereto.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 124. Operating risk management

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 124[1]. Requirements for election, competence and activities managers of operators and requirements for employees

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) Persons who have the necessary knowledge, education, skills, experience, professional qualifications required to manage an operator, who have an impeccable business reputation and sufficient time to perform their duties and who fit into the composition of the managers by their knowledge, experience and skills may be elected or appointed members of the supervisory board or management board of operators (hereinafter in this Chapter *manager*). The Supervision Authority may consider an employee of an operator or any other person who makes independent management decisions concerning the development or business of the operator as a manager of the operator. The Supervision Authority shall immediately inform an operator of considering an employee or any other person as a manager of the operator.

(2) The business reputation of the person specified in subsection (1) of this section is, among other things, not impeccable if:
1) an act or omission of the person has resulted in the bankruptcy or the revocation of the authorisation of an operator or other person subject to financial supervision at the initiative of a financial supervision authority;
2) the person has been punished for a crime in the first degree and the relevant information concerning the punishment has not been deleted from the criminal records database pursuant to the Criminal Records Database Act;
3) a court has imposed on the person an occupational ban or a prohibition on engaging in enterprise in accordance with § 49 or 491 of the Penal Code, also if a prohibition on business prescribed in law or a court decision or a prohibition on working in a particular profession or position has been imposed on the person or the person has been punished for the violation of such a prohibition, and the relevant information concerning the punishment has not been deleted from the criminal records database pursuant to the Criminal Records Database Act;
4) the person is not capable of organising the activities of an operator in such a way that the lawful and regular operation of the market is guaranteed;
5) the person has submitted false information to the Supervision Authority or failed to submit important information;
6) the person has been punished for an economic offence, official misconduct, offence against property or offence against public trust or the financing or supporting of an act of terrorism or activities aimed at the commission thereof, and the relevant information concerning the punishment has not been deleted from the

criminal records database pursuant to the Criminal Records Database Act or an international sanction has been imposed on the person.

(3) As a result of election or appointment of managers the composition of the managers shall be adequately diverse for management of an operator, at least taking account of the requirements specified in the first sentence of subsection (1) of this section, and in compliance with the principles of diversity in the composition of the managers established in the operator. The managers of an operator shall possess adequate collective knowledge, skills and experience to understand activities of an operator, including the main risks.

(4) The management board of the operator shall consist of at least two members.

(5) The members of the management board of the operator shall:

(1) commit sufficient time to perform their duties in the management of the operator;
2) possess adequate knowledge, skills and experience to understand the functioning of an operator, including the main risks;
3) act with honesty, integrity and independence of mind to effectively challenge the decisions of the supervisory board and to oversee and monitor management decision-making where necessary.

(6) An operator shall allocate sufficient resources for the guidance of managers appointed to the office and improvement of their professional knowledge in order to comply with the requirements for the position.

(7) The managers of an operator shall define the measures of effective and prudent management of the operator and are accountable for the implementation and regular review thereof, taking account of the orderly functioning of the securities market. Upon implementation of measures, clear areas of responsibility and the prevention of conflicts of interest are established in the operator.

(8) The managers of an operator shall periodically review the adequacy and implementation of the governance arrangements of the operator and take appropriate steps to address any deficiencies detected.

(9) The managers of an operator shall have adequate access to information and documents that are needed to oversee and monitor management decision-making related to the operator.

(10) The managers and employees of an operator are required to act with the prudence and diligence expected of them and in accordance with the requirements for their positions.

(11) The managers of an operator shall be governed by the provisions of subsections 49 (1^1)–(1^4) and (2) of the Credit Institutions Act if this is appropriate and proportionate, taking into account the nature, scale and level of complexity of the activities of the operator. If the Supervision Authority has granted a member of the supervisory board of an operator an authorisation specified in clause 49 (1^3) 3) of the Credit Institutions Act, the Supervision Authority shall notify the European Securities and Markets Authority thereof.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 124^2. Giving notification of managers and auditor

(1) Upon the election or appointment of a manager of an operator, the person who is to be elected or appointed shall submit the following to the operator:
1) the information specified in clauses 54 (1) 5) and 6) of this Act;
2) confirmation that no circumstances exist which, according to this Act, would preclude the right of the person to act as a manager of the operator.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) An operator shall inform the Supervision Authority of the election or appointment of managers and an auditor, and of their resignation or the initiation of their removal before the expiry of their term of office or the extension of the term of office of a manager at least ten days before making the corresponding decision or immediately after the receipt of the corresponding application, and shall submit the information required to assess the compliance with the requirements provided for in § 124^1 of this Act. Upon election or appointment of a manager, the operator shall submit the data and confirmation specified in subsection (1) of this section and, in the case of an auditor, submit the name of the auditor together with a confirmation concerning the absence of facts which preclude the right to be the auditor of the operator.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 124^3. Removal of manager

(1) The Supervision Authority may issue a precept to an operator to remove a manager if:
1) the manager does not meet the requirements provided for in this Act;
2) misleading, incomplete or incorrect information or documents have been submitted in connection with his or her election or appointment;
3) the activities of the manager in managing the operator have demonstrated his or her inability to organise the management of the operator such that the interests of clients and creditors are sufficiently protected.

(2) If an operator fails to comply with a precept specified in subsection (1) of this section in full or within the prescribed term, the Supervision Authority has the right to demand the removal of the manager by a court.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 124[4]. Policies and procedures

(1) An operator shall establish and implement rules of procedure (hereinafter in this Chapter *internal rules*), the aim of which is to ensure that legislation regulating the activities of the operator, the rules of the market and the decisions of the management bodies of the operator are complied with and that the operations of the operator and the market are lawful and regular.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) The rules and procedures established and applied by an operator shall guarantee the lawful and regular operation of the operator and the market. The operator shall regularly evaluate the efficacy of its rules and procedures and the correspondence thereof to the actual situation, and adjust the rules and procedures in order to guarantee the best possible operation of the market in a lawful and regular manner.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(3) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 124[5]. Nomination committee

(1) If this is proportional to the nature, scope and level of complexity of activities of an operator, the operator shall establish a nomination committee, unless the nomination committee has been established by a parent undertaking of an operator and the activities of the committee cover the entire consolidation group.

(2) A nomination committee shall be formed from the members of the supervisory board. The supervisory board of the operator shall also determine the competence, rights and principles of activities of the nomination committee.

(3) The nomination committee shall:
1) submit candidates for a member of the management board of the operator, description of their duties and their term of office to the supervisory board;
2) set the target level for representation of the underrepresented gender in the management board and prepare a policy on how to increase the representation of the underrepresented gender and meet that target level set;
3) at least annually assess the composition, structure and activities of the management board, and, where necessary, make amendment proposals;
4) at least annually assess the professional knowledge, skills and experience of individual members of the management board and of the management board collectively, and report the results to the supervisory board;
5) develop the policy of the diversity in the composition of managers of the operator and procedure for the election of the management board, assess the same periodically and, where necessary, make amendment proposals.

(4) Upon nomination of the candidates for a member of the management board to the supervisory board, the nomination committee shall consider the balance of knowledge, skills and experience of the management board and the principle of diversity in the composition of managers.

(5) In order to perform its duties, the nomination committee shall monitor on an ongoing basis and ensure to the extent possible that the management board’s decision making is not unduly influenced by the interests of any one individual or a small group of individuals, which is not in compliance with the interests of the operator as a whole.

(6) The nomination committee has the right to use an external evaluator upon the performance of its duties.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 124[6]. Organisational requirements for operators of regulated market

(1) An operator shall establish and implement legal, technical and organisational measures to identify and mitigate risks to lawful and orderly functioning of the market.

(2) An operator shall implement measures to identify any conflict of interest between the market, operator or its owners and lawful and orderly functioning of the market and to mitigate the potential adverse consequences of the conflict of interest for the functioning of the market or for its participants, including if such conflicts of interest may prove prejudicial to the cooperation of the Supervision Authority and the operator in exercising market supervision.

(3) An operator shall implement measures for the sound management of the technical operations of the information technology system used for operation of the market or any other system mediating conclusion of transactions and recording data (hereinafter *trading system*) and for coping with risks of systems disruptions.

(4) An operator shall establish transparent and non-discretionary rules on the market which provide for fair and orderly trading on the market and execution of transactions on the basis of objective criteria.

(5) An operator shall implement measures to ensure the efficient and timely finalisation of the transactions executed under its systems.

(6) An operator shall ensure the ongoing availability of sufficient financial resources to facilitate the orderly functioning of the market, having regard to the nature and extent of the transactions concluded on the market and the range and degree of the risks affecting the functioning of the market.

(7) An operator shall not execute client orders on own account or engage in matched principal trading on any of the regulated markets it operates.

(8) "Matched principal trading" means a transaction where the person executing the transaction interposes itself between the buyer and the seller in such a way that it is never exposed to market risk throughout the simultaneous execution of the transaction and where the transaction is concluded at a price where the person executing the transaction makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 125. Financial risk management

(1) The share capital of an operator shall be at least 125,000 euros.

(2) The owners' equity of an operator shall be at least equal to the operating costs needed to operate the relevant market for five months.

(3) If the operator has not commenced operations, the operating costs needed to operate the market shall be determined on the basis of the business plan submitted to the Supervision Authority by the applicant upon application for an authorisation.

§ 125^{1}. Securing resilience of systems

(1) An operator shall implement legal, technical and organisational measures to ensure that the trading systems of the market are resilient, have sufficient capacity to deal with peak order and message volumes, are able to ensure orderly trading under conditions of severe market stress and reject orders that exceed trading thresholds and limits or are clearly erroneous.

(2) An operator shall ensure that the trading system of the market is fully tested and in compliance with the provisions of subsection (1) of this section. The operator has an effective business continuity plan to ensure continuity of its services if there is any failure of the trading systems of the market.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 125^{2}. Additional organisational requirements for electronic trading

(1) An operator shall implement legal, technical and organisational measures to avoid and manage any risks arising from algorithmic trading and information technology systems used therefor to the orderly and lawful functioning of the securities market. The operator shall, *inter alia*, require market participants to carry out appropriate testing of algorithms and to provide environments necessary therefor.

(2) The measures specified in subsection (1) of this section shall make it possible to limit the ratio of orders entered into the trading system of the market by a market participant to unexecuted orders, to slow down the flow of orders if there is a risk of overloading the trading system of the market and to enforce and limit the minimum tick size within the meaning of § 137^{1}of this Act.

(3) An operator shall establish transparent and fair rules on co-location within the meaning of clause 82^{15}(3) 1) of this Act and apply these on non-discretionary grounds.

(4) An operator shall implement legal, technical and organisational measures to permit direct electronic access only provided that the market participant that is an investment firm or credit institution has set and applies appropriate suitability criteria to clients requesting direct electronic access to the market and that the participant retains responsibility for the compliance of orders placed and executed using the direct electronic access with the requirements of this Act.

(5) An operator shall establish appropriate standards regarding risk controls and thresholds on trading through direct electronic access. The operator shall ensure that an order placed using direct electronic access can be distinguished from other orders of the market participant and execution of such order or trading by the person

using direct electronic access can be stopped, if necessary, separately from other orders and trading of the market participant. The operator shall implement measures to suspend or terminate, where necessary, the provision of direct electronic access to a market participant in the case of non-compliance with the provisions of subsection (4) of this section and the provisions of this subsection.

(6) An operator shall ensure that each order placed with the market by algorithmic trading can be identified and, for that purpose, a market participant shall flag each order, the algorithms used for the creation of orders and the persons initiating those orders. The operator shall submit the information specified in the first sentence of this subsection to the Supervision Authority upon request.

(7) Upon request, an operator shall make available to the Supervision Authority information on all the orders placed with the market and unexecuted orders so that the Supervision Authority is able to monitor trading.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

Chapter 15
RULES AND REGULATIONS

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 126. Self-regulation

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 127. Rules and regulations

(1) An operator shall establish rules for participation in the market, admitting a security to trading on the market and conclusion and execution of transactions (hereinafter *rules and regulations*). The rules and regulations shall be applied and amended on a non-discretionary basis and on the same grounds for all the market participants, applicants to participate, issuers of securities admitted to trading on the market and person asking for admission to trading.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1^1) By implementing the rules and regulations, an operator shall ensure the transparent and efficient functioning of the market in a manner that both of the following conditions are met:
1) all market participants and the general public receive accurate information regarding securities trading and the issuers of such securities immediately and at the same time;
2) the information on offers of market participants and conclusion of transactions is immediately available and transactions are efficiently executed.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1^2) The rules and regulations are considered as standard conditions of agreements to be entered into between an operator and applicants of the right to participate in the market and, for the admission of such securities to trading on the market, between the operator and issuers or persons asking for admission to trading.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) The rules and regulations shall prescribe at least:
1) the organisational structure of the market and its operator, to the extent that this is not described in the articles of association of the operator;
2) the bases, conditions and procedure for admitting a security to trading and for the suspension and termination of trading;
3) the principal rights and obligations of the issuer of securities admitted to trading with respect to the operator, market participants and issuers of other securities admitted to be traded on the market;
4) the bases, conditions and procedure for forwarding information to the operator;
5) the bases, conditions and procedure for admitting a person to the market and removing a participant from the market, and for operating as a direct or remote market member;
[RT I 2007, 58, 380 - entry into force 19.11.2007]
6) the principal rights and obligations of a market participant with respect to the operator, other market participants, clients or creditors of the market participant and issuers of securities admitted to be traded on the market;
7) the conducting of transactions on a market in a swift, safe and trouble free manner, conditions of and procedure for settlement, giving of notification of a transaction, forwarding of information necessary to conduct a transaction, and disclosure of the price quotations of a security and other similar information;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
8) the rights and obligations of the person, body or member thereof who decides on the admission of a security to trading or the suspension or termination of trading therewith, and the bases, conditions and procedure for the election or appointment thereof;

9) the rights and obligations of the person, body or member thereof who exercises supervision upon the exercise of supervision, and the bases, conditions and procedure for the election or appointment thereof;
10) contractual penalties for violation of this Act, legislation established on the basis thereof and the rules and regulations;
11) matters pertaining to the guarantee fund, in the event there is a guarantee fund in the regulated market.

(3) The provisions of law regarding unreasonably harmful standard conditions shall not apply with respect to rules and regulations.

(4) Any agreement entered into by an operator regarding service fees and payment thereof in return for participation in the market, admission of a security to be traded on the market, conducting of transactions on the market and other services is not deemed to be part of the rules and regulations.

§ 128. Amendment of rules and regulations

(1) Operators have the right to amend rules and regulations unilaterally.

(2) In the event of amendment of the rules and regulations, the amendments shall be submitted to the Supervision Authority for approval. Upon application for approval, a corresponding written application shall be submitted to the Supervision Authority accompanied by the draft rules and regulations together with explanations of the amendments and an estimate of their impact on the market participants and the operation of the market.

(3) The Supervision Authority may request the operator to submit additional information and documents in order to specify the amendments to the rules and regulations and estimate the impact thereof.

(4) The Supervision Authority shall make a decision approving the amendments to the rules and regulations or refusing approval thereof within thirty days as of submission of a corresponding application, but not later than within twenty days as of submission of all the information specified in subsection (3) of this section.

(5) The Supervision Authority shall refuse approval if the amendments to the rules and regulations are not in compliance with legislation or are unreasonably harmful, contradictory, misleading or incomplete or if implementation thereof would not guarantee sufficient protection of the interests of investors, issuers or market participants.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 129. Entry into force of amendments to rules and regulations

(1) Amendments to the rules and regulations shall enter into force upon their disclosure pursuant to the procedure prescribed in § 130 of this Act, unless a later term is set out in the amendments.

(2) Only amendments to the rules and regulations which are approved by the Supervision Authority may be disclosed.

§ 130. Disclosure of rules and regulations

The operator shall disclose the rules and regulations on its website.

Chapter 16
OPERATION OF MARKET

Division 1
Participation in market and admission of securities to trading

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 131. General obligation of operator

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 132. Equal treatment

(1) Every investment firm, credit institution and any other person of Estonia or another Contracting State with impeccable business reputation, appropriate organisational structure, sufficient skills, expertise and experience to participate in a market and sufficient funds to execute transactions on the market in a swift and trouble free manner has the right to participate in the market.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1[1]) Everyone may apply for the admission of securities to trading on a market if admission of the securities to trading on a market complies with the provisions of this Act, legislation established on the basis thereof and the Prospectus Regulation.
[RT I 2005, 59, 464 - entry into force 15.11.2005]

(2) [Repealed - RT I 2007, 58, 380 - entry into force 19.11.2007]

(3) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(5) An operator shall ensure that its fees established on the market, including transaction execution fees, ancillary fees and any rebates are applied in a transparent, fair and non-discretionary manner and that they do not create incentives to place, modify, execute or cancel orders in a way which may pose a risk to the regular and orderly functioning of the securities market.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(6) An operator shall only grant rebates in exchange for performance of market making obligations in individual shares or a basket of shares.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(7) An operator has the right to adjust its fees for cancelled orders according to the length of time for which the order was maintained and the security.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 132[1]. Application of provisions of Part II of this Act upon admission of securities to trading on market

(1) The provisions of subsections 15 (1)–(5) and § 31 of this Act regarding prospectuses and offer thereof apply to prospectuses to be disclosed in connection with admission of securities to trading on a market (hereinafter *trading prospectus*) and their supplements and the disclosure of the trading prospectuses.

(2) Unless otherwise provided for in this Chapter, the provisions of §§ 31 and 36 of this Act regarding offers of securities to the public, offerors and issuers apply to admission of securities to trading on a market, persons asking for admission to trading and issuers of securities traded on a market.

(3) The provisions prescribed in §§ 25–28 of this Act apply with respect to trading prospectuses, taking into account the fact that the person who causes the damage has the right to compensate for the damage by acquiring a security traded on a market from the person that sustained the damage for the price that the latter paid for the security or for the sales price of the security immediately after admission of the security to trading on the market.

(4) The provisions of Chapters 14–18 of this Part regarding securities do not apply to the exemptions provided by Article 1 of Regulation (EU) 2017/1129 of the European Parliament and of the Council and to the securities specified in subsection 14 (2) of this Act. The specified securities shall be traded on a market and listed on the stock exchange pursuant to the rules of the market or the stock exchange where the securities are admitted to trading or listed.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 132[2]. Publication of trading prospectus upon admission to trading on securities market

[RT I 2007, 58, 380 - entry into force 19.11.2007]

(1) Upon admission of securities to trading on a market located or operating in Estonia, a relevant prospectus complying with the requirements established by Regulation (EU) 2017/1129 of the European Parliament and of the Council shall be made public.

(2) The prospectus need not be published in the cases provided by Article 1(5) of Regulation (EU) 2017/1129 of the European Parliament and of the Council.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 132[3]. Specifications upon making trading prospectus public

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 132[4]. Supplement to trading prospectus

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 132[5]. Admission of securities to trading on market

(1) A security may only be admitted to trading, provided that it meets the conditions provided for in the rules and regulations, according to which it has been ensured that:
1) the security is capable of being traded on the market in a fair, orderly and efficient manner within the meaning of Articles 2–5 of Commission Delegated Regulation (EU) 2017/568 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the admission of financial instruments to trading on regulated markets (OJ L 87, 31.3.2017, p. 117–121);
2) the security specified in clauses 2 (1) 1)–3), 6) and 7) of this Act is transferable within the meaning of Article 1 of Commission Delegated Regulation (EU) 2017/568;
3) the character of the derivative instruments allows the regular and correct pricing thereof, and swift and trouble-free settlement of transactions therewith.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) An operator shall establish and implement legal, technical and organisational measures to ensure that upon admission of a security to trading the security complies with the admission requirements established by the operator and that the compliance of the security admitted to trading is periodically reviewed.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 133. Resolution of disputes

(1) A person has the right to file an action with a court or, subject to agreement between the parties, the arbitral tribunal specified in § 202 of this Act for recognition of the right of a security to be admitted to trading and for obliging the operator to admit the security to trading.

(2) A person has the right to file an action with a court or, subject to agreement between the parties, the arbitral tribunal specified in § 202 of this Act for recognition of the right to participate in the regulated market and for obliging the operator to grant the person the right to participate in the market.

§ 134. Rights and obligations of market participants

(1) A market participant is required to:
1) observe the rules and regulations;
2) organise the supply of the operator with accurate, precise and complete information to the extent demanded on the basis of legislation or the rules and regulations for the purpose of performing its obligations provided for in the legislation and rules and regulations;
3) supply information, to the extent requested by the operator or prescribed by the rules and regulations, regarding transactions conducted outside the regulated market for own account or for the account of a third party with securities traded on the regulated market;
4) follow the principles of fair and equitable trading and generally accepted market principles.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) In conducting mutual offers and transactions on the market, the market participants are not required to apply, with respect to one another, the provisions of subsections 79[1](2) and (4), clauses 85 (1) 1), 5)–7) and 9) and §§ 85[2], 85[4]–87[6]and 89[1]of this Act, unless the offers and transactions are conducted on behalf or on account of a client.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) Operators shall inform the Supervision Authority of market participants at least once a year and at the request of the Supervision Authority.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 134[1]. Participation in market directly and as remote members

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
An operator shall enable an investment firm and credit institution of any other Contracting State to participate in the market directly if the investment firm or credit institution has set up a branch in Estonia or without being physically present in the location of the market (hereinafter *remote member*), unless the trading conditions and systems of the market require a physical presence for conclusion of transactions on the market. The provisions of § 70 of this Act do not apply to remote members.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 134[2]. Access to Estonian market in other Contracting States

(1) An operator planning to allow access to the Estonian market in another Contracting State shall submit the name of the Contracting State where allowing access is planned and the names of market participants and remote members, if such information exists, to the Supervision Authority.

(2) If an operator plans to allow access to the Estonian market in another Contracting State, the Supervision Authority shall make a decision concerning forwarding such information to the securities market supervisory agency of the relevant Contracting State and shall inform the securities market supervisory agency thereof within one month after receiving the information specified in subsection (1) of this section. The Supervision Authority shall immediately inform the operator of the decision to forward the information.

(3) An operator may commence activities in another Contracting State in compliance with the provisions of the legislation of such Contracting State.

(4) Based on the request of the securities market supervisory agency specified in subsection (1) of this section, the Supervision Authority shall submit, within a reasonable period of time, the data of the market participants and remote members founded in Estonia to such securities market supervisory agency.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 134[3]. Access to market of Contracting State in Estonia

(1) An operator registered in a Contracting State may allow access in Estonia to a market regulated thereby after giving due notice thereof to the securities market supervisory agency of the Contracting State.

(2) The Supervision Authority may request from a securities market supervisory agency of a Contracting State information concerning the market participants and members of the market regulated by the operator of the Contracting State specified in subsection (1) of this section.

(3) The Supervision Authority has the right to inform the agency exercising supervision over an operator of a Contracting State of the violations committed by the operator in Estonia.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 134[4]. Liquidity providers

(1) An operator shall enter into a written agreement with every investment firm pursuing a market making strategy on the market and monitor compliance therewith.

(2) Where such a requirement is appropriate to the nature and scale of trading on the market, an operator shall implement a scheme to ensure that a sufficient number of investment firms participate in such agreements which require them to post firm and competitive quotes with the result of providing liquidity to the market on a regular and predictable basis.

(3) The agreement referred to in subsections (1) and (2) of this section shall specify the obligations of the investment firm in relation to the provision of liquidity and any incentives in terms of rebates or otherwise and any other rights accruing to the investment firm in the event specified in subsection (2).

(4) The operator shall inform the Supervision Authority of entry into the agreement with the investment firm pursuing a market making strategy and shall, upon request, provide all further information necessary for the Supervision Authority to inspect whether the operator complies with the provisions of this section.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 135. Obligations of issuer of security traded on market

[RT I 2007, 58, 380 - entry into force 19.11.2007]

(1) The issuer of a security traded on the market is required to comply with the provisions of clauses 134 (1) 1) and 2) of this Act unless the security is being traded on the market without the issuer’s consent.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) [Repealed - RT I 2007, 58, 380 - entry into force 19.11.2007]

(3) [Repealed - RT I 2007, 58, 380 - entry into force 19.11.2007]

(4) [Repealed - RT I, 28.06.2012, 5 - entry into force 01.07.2012]

(5) [Repealed - RT I, 28.06.2012, 5 - entry into force 01.07.2012]

§ 135[1]. Auditor of issuer of securities traded on market and auditing of reports

(1) [Repealed - RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) The auditor of the issuer and the issuer of securities traded on a market are required to sufficiently manage the conflict of interests, the risk of self-checking and other risks in respect of the independence of the auditor.

(3) A trustworthy and independent auditor with adequate expertise and experience to audit an issuer of securities traded on a market may be appointed auditor of the issuer.
[RT I, 30.06.2017, 1 - entry into force 01.07.2017]

(4) A court of the location of the Estonian issuer of securities traded on a market shall determine, on the basis of an application of the Supervision Authority, a new auditor of the issuer of securities traded on the market if, in the opinion of the Supervision Authority, the auditor fails to comply with the requirements of subsection (3) of this section.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

(5) Persons holding at least five per cent of the share capital of the issuer of securities traded on the market or voting rights represented thereby, may submit a request to a court for the replacement of an audit firm appointed by the general meeting pursuant to the procedure established by § 329[1] of the Commercial Code.
[RT I, 30.06.2017, 1 - entry into force 01.07.2017]

§ 135[2]. Principles of remuneration of management of issuer of shares granting voting rights being traded on market

(1) The bases and principles of determining the remuneration and other office-related benefits of management board members (hereinafter in this section and in § 135[3] *managers*) of an issuer of shares granting voting rights being traded on a market (hereinafter *issuer of shares*), including severance payments, pension benefits and other benefits (hereinafter *principles of remuneration*), shall be clear and transparent and proceed from the long-term objectives of a company, taking into account in this respect the economic results of an issuer of shares and the legitimate interests of investors and creditors.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

(2) The principles of remuneration shall also determine the bases for remuneration of managers with shares, share options or other similar rights, which are related to the acquisition of the shares of an issuer of shares, and also the minimum period during which the above right shall neither be exercised nor used.
[RT I, 24.03.2011, 1 - entry into force 03.04.2011]

(3) The supervisory board of an issuer of shares shall approve the principles of remuneration of managers of an issuer of shares and exercise the supervision over the adherence thereto.
[RT I, 24.03.2011, 1 - entry into force 03.04.2011]

(4) The bases for determining the fees payable to managers of an issuer of shares based on the economic performance and transactions (hereinafter *performance pay*) shall be objective and reasoned and predetermine the period of time for which the performance pay is paid.
[RT I, 24.03.2011, 1 - entry into force 03.04.2011]

(5) The following shall be taken into account upon determination and payment of the performance pay to managers of an issuer of shares:
1) the proportion of the basic pay and performance pay shall be in reasonable compliance with the duties of a manager;
2) the basic pay shall make up a sufficiently big part of the pay which makes it possible not to determine or pay the performance pay, if necessary.
[RT I, 24.03.2011, 1 - entry into force 03.04.2011]

(6) An issuer of shares shall establish the control procedure of the principles of remuneration of managers.
[RT I, 24.03.2011, 1 - entry into force 03.04.2011]

(7) The contract or contract of employment of a member of the management board of an issuer of shares shall prescribe the right of the issuer of shares to reduce the payable performance pay, suspend the payment of the performance pay or demand return of the paid performance pay in part or in full. An issuer of shares may apply the abovementioned right if:
1) the general economic performance of the issuer of shares has deteriorated to a significant extent as compared to the previous period;
2) the managers of the issuer of shares do not meet the performance criteria or
3) determination of the performance pay was based on information which was inaccurate or incorrect to a material extent.
[RT I, 24.03.2011, 1 - entry into force 03.04.2011]

(8) The limitation period for a claim arising from performance pay shall be three years as of the date when the payment of the performance pay to a manager of an issuer of shares was decided.
[RT I, 24.03.2011, 1 - entry into force 03.04.2011]

(9) An issuer of shares shall disclose in its annual report for the past financial year the principles of remuneration of the managers and the information characterising their implementation in the following format:

1) relevant characteristics of the principles of remuneration, including information concerning the criteria used to measure work results and compliance with them;
[RT I, 24.03.2011, 1 - entry into force 03.04.2011]
2) reasons for payment of performance pay and severance pay and enabling of other performance based financial or significant nonfinancial benefits.
[RT I, 24.03.2011, 1 - entry into force 03.04.2011]
3) upon development of the principles of remuneration, measures to avoid or manage conflicts of interests;
[RT I, 04.12.2019, 1 - entry into force 14.12.2019, applicable from the financial year of an issuer of shares following 31 December 2020.]
4) upon changes in the principles of remuneration, the procedure for review and consideration of proposals submitted by shareholders at the general meeting;
[RT I, 04.12.2019, 1 - entry into force 14.12.2019, applicable from the financial year of an issuer of shares following 31 December 2020.]
5) upon changes in the principles of remuneration, explanations of the most recent significant changes;
[RT I, 04.12.2019, 1 - entry into force 14.12.2019, applicable from the financial year of an issuer of shares following 31 December 2020.]
6) the date of submission of the principles of remuneration to a vote at the general meeting and the results of the vote.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019, applicable from the financial year of an issuer of shares following 31 December 2020.]

(10) For the purposes of this Act, pay shall also mean the remuneration paid to members of the management board.
[RT I, 24.03.2011, 1 - entry into force 03.04.2011]

(11) The general meeting shall vote on the principles of remuneration at least once every four years. Significant changes in the principles of remuneration must always be submitted to a vote at the general meeting. A resolution of the general meeting on the approval of the principles of remuneration is advisory for the supervisory board, unless otherwise provided by the articles of association. The principles of remuneration shall be deemed approved if more than one-half of the votes represented at the general meeting are in favour, unless the articles of association prescribe a greater majority requirement.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019, applicable from the financial year of an issuer of shares following 31 December 2020.]

(12) Derogations from the principles of remuneration may be applied if this is necessary to ensure the long-term interests and sustainability of an issuer of shares. Derogations may only be applied if the principles of remuneration specify which derogations can be applied.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019, applicable from the financial year of an issuer of shares following 31 December 2020.]

§ 135[3]. Remuneration report

(1) An issuer of shares is required to publish a remuneration report for the most recent financial year on their website and ensure that it is publicly available at least for a period of ten years. A remuneration report may be publicly available for more than ten years provided that it does not contain the personal data of managers.

(2) The remuneration report shall provide a comprehensive and clear overview of the remuneration paid to managers in accordance with the principles of remuneration.

(3) The remuneration report shall contain the following information about each manager:
1) the total remuneration, specifying the proportion of fixed remuneration and performance pay;
2) an explanation how the total remuneration complies with the principles of remuneration, including how it contributes to the long-term performance of the issuer of shares;
3) information on how the performance criteria were applied;
4) the annual change of remuneration of managers, of the performance of the company, and of average remuneration on a full-time equivalent basis of employees of the company over at least the five most recent financial years, presented together in a manner which permits comparison;
5) any remuneration from any undertaking belonging to the same group;
6) the number of shares and share options granted or offered, and the main conditions for the exercise of the rights, including the exercise price and date, and any change thereof;
7) an overview of the use of the possibility to reclaim variable remuneration;
8) an overview of derogations from the principles of remuneration, including the description of exceptional circumstances and derogations applied.

(4) The remuneration report shall not include personal data specified in Article 9(1) of Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1–88).

(5) The remuneration report shall be submitted to a vote at the general meeting as a note to the annual report. The shareholders have the right to demand that the matter of whether the actual remuneration of managers complies with the principles of remuneration be voted on at the general meeting. The remuneration report shall include an explanation how the results of the vote of the previous general meeting have been taken into account if the shareholders have demanded that the matter of whether the actual remuneration of managers complies with the principles of remuneration be voted on at the general meeting.

(6) The compliance with the requirements established for the remuneration report is audited by a sworn auditor.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019, applicable from the financial year of an issuer of shares following 31 December 2020.]

§ 135[4]. Disclosure and approval of material transactions with related parties

(1) An issuer of shares shall disclose material transactions with related parties and important details thereof at the time of the conclusion of the transaction at the latest. The important details of the transaction shall include at least the date of conclusion of the transaction, the value of the transaction, the name of the related party and their relationship with the issuer of shares. In addition, information shall be disclosed, which is required to assess whether the transaction corresponds to the interests of the issuer of shares and the shareholders who are not related parties and whether the transaction is fair and reasonable from their perspective.

(2) A transaction of an issuer of shares is material if the monetary value of the transaction constitutes at least 10 per cent of the consolidated equity recorded in the most recent audited balance sheet of the issuer of shares. The general meeting of the issuer of shares may approve other criteria of a material transaction, considering the risk associated with the transaction and the impact of the transaction on the issuer of shares and their shareholders who are not related parties.

(3) An issuer of shares shall disclose material transactions concluded between the related party and the subsidiary of the issuer of shares. Such transactions need not be disclosed if they have been concluded on market terms in the ordinary course of business of the issuer of shares or if the supervisory board is confident that the transactions correspond to the interests of the issuer of shares and shareholders who are not related parties and are fair and reasonable from their perspective.

(4) If the transactions of the same related party are individually not material, but several transactions in aggregate concluded within the financial year become material during the financial year, such transactions are subject to the requirements specified in subsections (2) and (3) of this section.

(5) Material transactions with related parties are approved by the supervisory board of the issuer of shares. Prior to approval, the supervisory board of the issuer of shares must ascertain that the transaction corresponds to the interests of the issuer of shares and the shareholders who are not related parties, including the shareholders who do not have a major holding in the issuer of shares, and that the transaction is fair and reasonable from their perspective. A member of the supervisory board who is involved in a material transaction shall not take part in deciding on the approval of the transaction.

(6) Subsections (2) and (3) of this section shall not apply to transactions concluded on market terms in the ordinary course of business of the issuer of shares. The supervisory board of the issuer of shares shall establish a separate procedure for the assessment of compliance of such transactions with requirements. A related party shall not take part in the assessment of the transaction.

(7) The general meeting of the issuer of shares may decide that subsections (2) and (3) of this section shall not apply to the following transactions and benefits:
1) transactions entered into between the issuer of shares and its subsidiary provided that the subsidiary is wholly owned by the issuer of shares;
2) clearly defined transactions approved by the general meeting;
3) remuneration paid or to be paid to members of the supervisory board and management board and to the executive management of the issuer of shares or any other benefits received or to be received;
4) transactions offered to all shareholders on the same terms where equal treatment of all shareholders and protection of the interests of the issuer of shares are ensured.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019, applicable from the financial year of an issuer of shares following 31 December 2020.]

Division 2
Transactions on Market

§ 136. Suspension and termination of trading

(1) An operator has the right to suspend or cease trading with a security on the market:
1) if the issuer or person asking for admission to trading has violated, with respect to the operator, an obligation arising from legislation or the rules and regulations;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
2) if the security being traded does not comply with the rules and regulations;

3) in order to protect the interests of investors;
4) in order to prevent danger to the regular or lawful functioning of the market, or on another basis provided by the rules and regulations.

(1^1) In the event provided for in subsection (1) of this section, the operator shall also suspend or cease trading with the derivatives as referred to in subsection 2 (11) of this Act that relate or are referenced to the security where necessary to support the objectives of the suspension or cessation of the trading in the security.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1^2) Where trading is suspended or ceased due to suspected market abuse, a take-over bid or the infringement of the provisions of Article 7 or 17 of Regulation (EU) No 596/2014
of the European Parliament and of the Council, including upon request of the supervisory agency of another Contracting State, the Supervision Authority shall require that other trading venues and systematic internalisers, which fall under the supervision of the Supervision Authority, also suspend or cease trading in that security and derivatives specified in subsection (1^1) of this section.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) Suspension or cessation of trading in the securities in the cases specified in subsections (1), (1^1), (1^2) and (6) of this section must not cause significant damage to the interests of investors or pose a risk to the orderly functioning of the market.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) An operator shall immediately inform the Supervision Authority of the suspension or cessation specified in subsections (1), (1^1) and (2) of this section or cancellation thereof and shall publish the relevant information on its website.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(5) In order to protect the interests of investors, to avoid danger to the regular and lawful operation of the market or to protect any other significant interest or avoid any other threat, the Supervision Authority has the right to issue a precept to an operator or, in cases requiring swift reaction, order an operator to:
1) suspend trading with the securities for up to ten consecutive days every time where the requirements to trading or for forwarding or disclosure of regulated information provided by this Act have been violated or there is reason to believe that such violation is taking place;
2) for cessation of trading with securities on the market;
3) for amendment of the suspension or cessation order provided for in subsection (1) of this section.

(6) The Supervision Authority has the right to demand from the securities market supervisory agency of another Contracting State the suspension or cessation of trading in securities and derivatives specified in subsection (1^1) of this section on a market operating in such Contracting State where this is necessary to protect the interests of Estonian investors, prevent danger to the orderly or lawful functioning of the market, protect another significant right or prevent another danger, including where the Supervision Authority receives information specified in subsection (4) or where trading is suspended or ceased due to suspected market abuse, a take-over bid or the infringement of the provisions of Article 7 or 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council, unless the circumstances provided in subsection (5) of this section exist.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(7) Where the Supervision Authority issues a precept concerning the suspension or cessation of trading in securities and derivatives specified in subsection (1^1) in the cases specified in subsections (1^2), (5) and (6) of this section or submits an order or does not submit the same or cancels the precept, the Supervision Authority shall inform the securities market supervisory agencies of other Contracting States and the European Securities and Markets Authority thereof and shall publish the relevant information on its website.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 136^1. Temporary circuit breakers

(1) An operator has the right to temporarily halt or constrain trading in securities if there is a significant price movement in a security on the market operated by an operator or any other market during a short period and, in exceptional cases, to cancel, vary or correct any transaction with the security.

(2) An operator shall calibrate the parameters for temporary halting of trading, taking into account the liquidity of different asset classes and sub-classes, the market model and nature of securities market participants, and ensure that such conditions are sufficient to avoid disruptions to the orderly and lawful functioning of the securities market.

(3) Where a market is in one or several Contracting States material in terms of liquidity within the meaning of Article 1 of Commission Delegated Regulation (EU) 2017/570 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards for the determination of a material market in terms of liquidity in relation to notifications of a temporary halt in trading (OJ L 87, 31.3.2017, p. 124–125) in that security the trading of which is halted by an operator, the operator shall establish the necessary systems and procedures in order to notify the Supervision Authority and every competent supervisory agency of other Contracting States to enable other trading venues to halt trading in such securities until trading in the securities is resumed by the operator.

(4) The operator shall report the parameters for halting trading and any material changes to those parameters to the Supervision Authority in a consistent and comparable manner. The Supervision Authority shall communicate the information obtained from the operator to the European Securities and Markets Authority.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 137. [Repealed - RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 137[1]. Tick size

(1) An operator shall establish a tick size for shares, depositary receipts, exchange-traded investment funds and securities specified in Article 2(1)(27) of Regulation (EU) No 600/2014 of the European Parliament and of the Council and other similar securities in accordance with Commission Delegated Regulation (EU) 2017/588 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards on the tick size regime for shares, depositary receipts and exchange-traded funds (OJ L 87, 31.3.2017, p. 411–416), which reflects the liquidity profile of the security in different markets and the average bid-ask spread of the security.

(2) An operator shall adapt the tick size for each security, taking into account the necessity to enable reasonably stable prices without unduly constraining further narrowing of bid-ask spreads.

(3) "Exchange-traded investment fund" means an investment fund of which at least one unit or share class is traded throughout the day on at least one trading venue and with at least one market maker which takes action to ensure that the price of its units or shares on the trading venue does not vary significantly from its net asset value and, where applicable, from its indicative net asset value.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 138. Recording of transactions

(1) An operator shall keep a daily chronological record of all transactions conducted on the market.
[RT I 2002, 102, 600 - entry into force 26.12.2002]

(2) An operator shall at least record the time at which the transaction is conducted, information regarding the market participants which conducted the transaction, the securities which served as the object of the transaction, and their number, nominal value or book value and price.
[RT I 2010, 20, 103 - entry into force 01.07.2010]

(3) An operator shall preserve information entered in the register for at least five years as of their entry in the register.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(4) [Repealed - RT I 2007, 58, 380 - entered into force 19.11.2007]

§ 138[1]. Free choice of settlement system

(1) For the lawful and regular functioning of the market, an operator has the right to freely choose a securities settlement system of Estonia or another Contracting State provided that such system meets the conditions provided in subsection (2) of this section.

(2) A market participant has the right to choose a settlement system for settling the transactions carried out with securities on the market if:
1) there is sufficient legal, technical and organisational connection between the market and the desired settlement system which enables the swift, safe and trouble free conduct of transactions on the market;
2) the Supervision Authority has granted consent for using a settlement system different from the settlement system of the market.

(3) The Supervision Authority shall grant the consent specified in clause (2) 2) of this section if, based on the evidence submitted thereto, all the doubts of the Supervision Authority as to the damage or possible damage that the use of the settlement system could cause to the legal and regular functioning of the market have been eliminated.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 139. Market guarantee fund

(1) If an operator undertakes to guarantee the execution of transactions conducted on the market, the operator shall establish a guarantee fund or enter into a relevant guarantee or insurance contract.

(2) The guarantee fund is an amount of money held in a bank account in credit institutions or Eesti Pank or invested in securities which is mainly used or can be used for guaranteeing the execution of transactions with securities conducted on the market.

(3) The guarantee fund shall be managed by the operator.

(4) The minister responsible for the area shall, by a regulation, establish the requirements for the formation of the guarantee fund and the size and use thereof.

§ 140. Special rules for bankruptcy

(1) The bankruptcy trustee of a market participant, the bankruptcy trustee of a person who applied for the admission of securities on the market to trading and an issuer of a security traded on the market shall continue to execute the rules and regulations until the dissolution of the participant, applicant or issuer.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) Contributions made by market participants to the guarantee fund specified in § 139 of this Act shall not be included in the bankruptcy estate of the contributor or the possessor of the guarantee fund.

§ 140[1]. Law applicable to trading

The trading in securities on a market registered in Estonia shall be governed by Estonian law.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

Division 3
Communication of Information

§ 141. Maintenance of confidentiality of information not subject to disclosure

(1) Operators and members of bodies and employees thereof shall maintain indefinitely the confidentiality of any information which is obtained when performing their official duties with respect to the operator or in connection with their position or duties in the market or from the Supervision Authority within the framework of co-operation referred to in subsection 149 (2) of this Act and which is not subject to disclosure in accordance with legislation, a court judgement or the rules and regulations of the market.

(2) A member of a body and an employee of an operator may forward the information provided for in subsection (1) of this section to the body of the same operator or a member or employee thereof pursuant to the provisions of the articles of association and the rules and regulations of the operator, and to persons who are required by law to maintain the confidentiality of information obtained, and in cases where the obligation to disclose such information arises from law.

§ 142. Obligation to communicate information

(1) Information communicated to the operator shall be accurate, clear, precise and complete. Information shall be communicated to the operator immediately unless a different term is prescribed by this Act, legislation established on the basis thereof or the rules and regulations.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) An issuer of a security traded on the market who has given consent to trading on the market to the operator of such market is required to organise, during the time that the rules and regulations applicable to such issuer are in force, the notification of the operator of the information regulated by the issuer of the security.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(3) If the security admitted to trading on the market specified in clauses 2 (1) 1), 2), 3), 6) or 7) of this Act has been admitted to trading on a regulated market, such security may be admitted, in compliance with the requirements for the offer of securities to the public and registration of the prospectus, to trading on another regulated market without the consent of the issuer of the security. The operator of the other market shall immediately inform the issuer of the security of the fact that the security thereof is being traded in also on another market.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(4) In the case of admission to trading on another regulated market provided in subsection (3) of this section, the obligation provided in this section and subsection 135 (1) of this Act to provide information directly to the other market does not apply to the issuer of the securities.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(5) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(6) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 143. Disclosure of information by operator

In order to guarantee the transparency of the securities market, an operator shall disclose information obtained from market participants, issuers and other persons to the extent and pursuant to the procedure prescribed in this Act, legislation established on the basis thereof and the rules and regulations. The operator shall take measures to provide market participants with access to regulated information.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 144. Rights of operators in disclosure of trading information

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 144^{1}. Disclosure of pre-trade information

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 144^{2}. Disclosure of after-trade information

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 145. Manner of disclosure of information

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 146. Temporary release from obligation to communicate and disclose information

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 147. [Repealed - RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 147^{1}. Synchronisation of clocks

An operator and market participants shall synchronise the clocks they use to record the date and time of any reportable event in accordance with Commission Delegated Regulation (EU) 2017/574 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the level of accuracy of business clocks (OJ L 87, 31.3.2017, p. 148–151).
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

Chapter 17
MARKET SUPERVISION

§ 148. Rights and obligations of operator in exercising supervision

[RT I 2007, 58, 380 - entry into force 19.11.2007]

(1) An operator shall establish and implement legal, technical and organisational measures for the supervision of the disclosure and the timeliness, correctness, accuracy and completeness of information to be published by the issuer of a transferable security admitted to trading on the market and of the price formation of securities, conclusion and execution of transactions, including submission and cancellation of orders in the trading system of the market in order to identify and minimise circumstances endangering the orderly or lawful functioning of the securities market, system disruptions related to trading, acts considered as market abuse and other infringements and failure to comply with the rules and regulations.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) [Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(4) An operator has the right to verify the documents of market participants pertaining to their right to participate in the market, and to obtain information therefrom which is necessary for exercising supervision. An operator has the same rights with respect to issuers of securities traded on the market.

(5) In order to exercise independent supervision, an operator shall establish and apply legal, technical and organisational measures, taking account of the nature, extent and complexity of its business activity and the nature and extent of the services provided thereby. A person engaged in supervision shall not engage in activities which affect or are likely to affect the independence of supervision.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(6) The management of an operator shall ensure the person exercising supervision with all the rights and working conditions necessary for performing the duties thereof.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 149. Co-operation with Supervision Authority

(1) An operator shall immediately inform the Supervision Authority of significant infringements of the rules and regulations, risks to the orderly or lawful functioning of the securities market, system disruptions related to the security and reasonable doubts regarding market abuse.

(2) An operator and the Supervision Authority shall co-operate in exercising market supervision. The operator shall supply any information on circumstances specified in subsection (1) of this section without delay to the Supervision Authority and provide full assistance to the latter in exercising supervision.

(3) The Supervision Authority has the right to disclose information to the operator which is necessary for exercising market supervision, including information not subject to disclosure which the Supervision Authority has obtained in the course of performing its duties prescribed in this Act.

(4) Upon request of the Supervision Authority, an operator shall grant the Supervision Authority free access to the trading system of the market for the purpose of exercising supervision.

(5) The Supervision Authority shall communicate the information on circumstances obtained on the basis of subsection (1) of this section, including, in the opinion of the Supervision Authority, on the reasonable doubts regarding market abuse, to the European Securities and Markets Authority and the competent supervisory agencies of the other Contracting States.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

Chapter 18
STOCK EXCHANGE

Division 1
Special Rules for Operations

§ 150. Definition of stock exchange

(1) A stock exchange is a market where listed securities are traded.

(2) Unless otherwise prescribed in this Chapter, the provisions of this Act regarding a market and its operator shall apply to a stock exchange (hereinafter *exchange*) and the operator of a stock exchange (hereinafter *operator of an exchange*) respectively.

§ 151. Member of exchange

(1) An operator of an exchange has the right to set out in its articles of association and the rules and regulations that only members of the exchange may participate in the exchange.

(2) A member of an exchange is a person to whom the operator of the exchange has granted the right or sole right to make offers and conduct transactions with all or certain listed securities and who undertakes to observe the rules and regulations of the exchange.

(3) Only professional securities market participants may become members of an exchange.

(4) Members of an exchange are required to pay service fees to the operator of the exchange, unless otherwise prescribed in the rules and regulations.

(5) The provisions regarding regulated market participants shall also apply with respect to members of an exchange, unless otherwise prescribed in this Chapter.

§ 152. Financial risk management

(1) The share capital of an operator of an exchange shall be at least 375,000 euros.

(2) The owners' equity of an operator of an exchange shall meet the requirements prescribed in § 125 of this Act.

Division 2
Rules and regulations of exchange

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 153. Rules and regulations of exchange

The rules and regulations of an exchange shall set out the following in addition to the provisions of the rules and regulations of the market:
1) the bases, conditions and procedure for the listing of securities and the termination thereof;
2) the principal obligations of the issuer of a listed security with respect to the operator of the exchange;
3) the bases, conditions and procedure for the admission of persons as members of the exchange and the termination of member status;
4) the principal rights and obligations of members of the exchange with respect to the operator of the exchange, other members of the exchange, and clients or creditors thereof;
5) the procedure for the forwarding and receipt of quotations and transaction orders via the exchange;
6) the rights and obligations of the person, body and member thereof deciding on the listing of a security, and the bases, conditions and procedure for the election or appointment thereof.

Division 3
Organisation of Exchange

§ 154. Listing

(1) For the purposes of this Act, listing is the admission of a security to trading on an exchange. Trading on the exchange shall also be in securities included in the exchange list.

(2) The operator of an exchange shall only permit trading on the exchange with securities which have been listed in the exchange list on the basis of this Act, legislation established on the basis thereof and the relevant rules and regulations.

(3) Unless otherwise provided in this Chapter, the provisions regarding admission of securities to trading on the market and regarding suspension and termination of the trading thereof shall apply to the listing of securities and to suspension and termination of the listing thereof.

§ 155. Conditions of listing

(1) Only freely transferable securities the characteristics of which and the issuers of which and their acts meet the conditions prescribed in legislation and the rules and regulations of the relevant exchange may be listed.

(2) Upon listing, the security and its issuer shall meet at least the requirements established by a regulation of the minister responsible for the area. These requirements shall set out at least the following:
1) requirements for the issuer of the security for which listing is applied for, including requirements regarding the legal status, capital and financial situation of the issuer and its directing bodies, their operations and the terms therefor;
2) requirements for the security for which listing is applied for, including requirements regarding its legal status, special rules for free transferability, public offering, distribution, listing of securities of the same type, and the form of the security;
3) requirements for securities issued by foreign issuers;
4) other requirements, including requirements regarding the minimum value of listed debt securities and the conditions of listing convertible bonds.

§ 156. Decision regarding listing

(1) Decisions about listing shall be taken by the relevant body of the operator of the exchange.

(2) In order to listing to take place, the applicant shall submit a corresponding written application, the listing prospectus and other information and documents prescribed in the rules and regulations of the relevant exchange. The operator of the exchange shall immediately notify the Supervision Authority of the receipt of an application and forward the listing prospectus to the Supervision Authority.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

(3) A decision on listing shall be taken within three months as of submission of the application, information and documents specified in subsection (2) of this section, unless a shorter term is prescribed in the rules and regulations of the relevant exchange.
[RT I 2005, 59, 464 - entry into force 15.11.2005]

§ 157. Listing prospectus

[RT I, 04.12.2019, 1 - entry into force 14.12.2019]
The provisions of §§ $132^1$and $132^2$of this Act apply to a prospectus for listing.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 158. Application of compensation requirement

The provisions of §§ 25–28 of this Act apply to a prospectus for listing, taking into account the fact that the person who causes the damage has the right to compensate for the damage by acquiring a security listed on the exchange from the person that sustained the damage for the price that the latter paid for the security or for the sales price of the security immediately after its listing on the exchange.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 159. Obligation to communicate and disclose information

(1) The minister responsible for the area shall, by a regulation, establish:
1) a minimum list of information which the issuer of a listed security shall forward to the operator of the exchange for disclosure;
2) a minimum list of obligations which the issuer of a listed security shall perform in connection with the listing;
3) the manner of disclosing the information and the terms of performing the obligations specified in clauses 1) and 2) of this subsection.

(2) The list specified in clause (1) 2) of this section shall contain at least obligations pertaining to:
1) the issue of new securities;
2) the equal treatment of investors in equal circumstances;
3) the intended amendment of the articles of association;
4) [Repealed - RT I 2007, 58, 380 - entry into force 19.11.2007]
5) [Repealed - RT I 2005, 13, 64 - entry into force 01.04.2005]
6) changes of rights arising from the securities.

(3) The operator of an exchange has the right to establish in the rules and regulations a shorter term than that established by the minister responsible for the area for the forwarding and disclosure of information with regard to issuers whose securities are listed on the exchange.

Division 4
Exchange Supervision

§ 160. Application of contractual legal remedies with regard to participant in exchange, member of exchange and issuer

If, in addition to other requirements, the rules and regulations of an exchange set out the possibility of applying contractual legal remedies provided for in § 161 of this Act (hereinafter *legal remedies*), the operator of the exchange has the right to apply the legal remedies provided for in § 161 of this Act with respect to a participant in the exchange, member of the exchange and issuer of a listed security for failure to perform or inadequate performance of this Act, other legislation established on the basis thereof or the rules and regulations of the exchange.

§ 161. Types of legal remedy

(1) The legal remedies are as follows:
1) a contractual penalty as prescribed in the rules and regulations of the exchange;
2) full or partial suspension of the rights accompanying the status of participant or member of the exchange for a term ranging from three to thirty days;
3) termination of the status of participant or member of the exchange;
4) suspension of the listing of or trading with a security for a term ranging from three to thirty days;
5) termination of the listing of or trading with a security.

(2) The procedure for processing, applying, and appealing against legal remedies shall be prescribed in the rules and regulations of the exchange.

§ 162. Application of legal remedies and right of appeal

(1) The filing of a complaint against the application of legal remedies provided for in subsection 161 (1) of this Act shall not hinder or suspend the execution of the legal remedies.

(2) A person in respect of whom a legal remedy is applied has the right of recourse to a court or, on the agreement of the parties, the arbitral tribunal specified in § 202 of this Act in the matter within ten days as of the day of application of the legal remedy.

§ 163. Disclosure of application of legal remedies

The operator of an exchange has the right to make public the fact and time of legal remedies being applied, their type and the name of the person in respect of whom the remedies are applied. Such disclosure of the fact and time of legal remedies being applied and of the type thereof and of the name of the person in respect of whom the legal remedies are applied is not deemed as dishonouring a person.

Chapter 18[1]
MULTILATERAL TRADING FACILITY AND ORGANISED TRADING FACILITY

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 163[1]. Organisation of multilateral trading facility and organised trading facility

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) Investment firms holding an authorisation for providing the investment service specified in clause 43 (1) 8) or 9) of this Act and operators of regulated markets holding the authorisation specified in subsection 120 (1) shall establish appropriate rules and regulations in order to ensure the regular and lawful operation of a multilateral trading facility or organised trading facility.

(2) Such rules and regulations shall determine the criteria for participation in a multilateral trading facility or organised trading facility and for admission of securities to trading and execution of orders and conditions for determining securities that can be traded under the multilateral trading facility or organised trading facility.

(3) The rules and regulations shall be applied and amended on a non-discretionary basis and on the same grounds for all the participants of and applicants to participate in the multilateral trading facility or organised trading facility, issuers of securities admitted to trading on the multilateral trading facility or organised trading facility and person asking for admission to trading.

(4) The provisions of subsection (3) of this section do not apply to the rules of execution of orders established by an operator of an organised trading facility. An operator operating an organised trading facility may exercise discretion in executing orders only in either or both of the following circumstances:
1) when placing or retracting an order on the organised trading facility;
2) when not matching a specific client order with other orders placed with the organised trading facility, provided that it is in compliance with instructions of a client and provisions of §§ 87[3] and 87[4] of this Act.

(5) An operator operating an organised trading facility may decide if, when and how much of two or more orders it wants to match and if and when it wants to facilitate negotiations between clients so as to bring together two or more potentially compatible buying and selling interests in a transaction.

(6) The provisions of subsections 127 (1[1]), (1[2]), (3) and (4) and 128–130 of this Act apply to the rules and regulations of a multilateral trading facility and organised trading facility.

(7) The provisions of subsections 124[6](1) and (3), §§ 125[1] and 125[2] and subsections 132 (5) and (6) and §§ 134[4], 136[1], 137[1] and 147[1] of this Act concerning a market operator apply to operators of a multilateral trading facility and organised trading facility. An operator of a multilateral trading facility is also subject to the provisions of subsections 124[6](1) and (5)–(7).

(8) An operator operating an organised trading facility shall take measures to prevent the execution of client orders in an organised trading facility on account of the operator or a person that is part of the same consolidation group as the operator. An operator operating an organised trading facility may only engage in dealing on own account with debt instruments which are issued by the European Union, a Member State, in the case of a federal Member State, a member of the federation, a government department or an agency thereof, a special purpose vehicle for one or several Member States, an international organisation or public law institution established by two or more Member States which has the purpose of mobilising funding and providing financial assistance to the benefit of its members, or the European Investment Bank and for which there is not a liquid

market. The provisions of the second sentence of this subsection do not apply to dealing on own account on a matched principal basis within the meaning of subsection 124^6(8) of this Act.

(9) For the purposes of this Act, "liquid market" means a market for a security or a class of securities, where there are ready and willing buyers and sellers of the security or the class thereof on a continuous basis, taking into consideration the market structures of the particular security or of the particular class of securities, considering the following criteria:
1) the average frequency and size of transactions over a range of market conditions, having regard to the nature and life cycle of products within the class of security;
2) the number and type of market participants, including the ratio of market participants to traded instruments in a particular product;
3) the average size of spreads, where available.

(10) An operator operating an organised trading facility may engage in dealing on own account using matched principal trading in non-equity securities within the meaning of subsection 124^6(8) of this Act only where the client has consented to the process and where the operator has established and implements measures to comply with the conditions provided for in subsection 124^6(8). An operator operating an organised trading facility shall not engage in dealing on own account using matched principal trading in securities subject to the provisions of Article 5 of Regulation (EU) No 648/2012 of the European Parliament and of the Council.

(11) An operator operating a multilateral trading facility or an organised trading facility shall establish the conditions of and procedure for settlement of the transactions concluded under that trading venue and responsibilities of persons, who want to participate in the facility, for the settlement of the transactions concluded in that facility and implement measures to facilitate the efficient settlement of the transactions. The operator operating a multilateral trading facility or an organised trading facility shall inform the participants of such trading facility of their liability for the settlement of the transactions executed in that facility.

(12) One multilateral trading facility or organised trading facility shall have one operator.

(13) A multilateral trading facility and an organised trading facility shall have at least three materially active participants, each having the opportunity to interact with all the others in respect to price formation.

(14) The operation of an organised trading facility and of a systematic internaliser within the meaning of subsection 88^6(3) of this Act must not take place within the same legal entity. An organised trading facility shall not connect with a systematic internaliser or another organised trading facility in a way which enables orders or quotes in an organised trading facility and in a systematic internaliser or the other organised trading facility to interact.

(15) An operator operating an organised trading facility may engage another investment firm to carry out market making on that organised trading facility on an independent basis. An investment firm shall not be deemed to be carrying out market making on an independent basis if it has close links with the operator operating the organised trading facility.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 163^2. Disclosure of trading information

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) Operators operating a multilateral trading facility or an organised trading facility shall disclose trading information, unless the trading information has been disclosed through the regulated market, or guarantee access thereto.

(2) The information disclosed or made accessible under subsection (1) of this section must be sufficient to enable its users to form investment judgments, taking into account both the nature of participants in a multilateral trading facility or an organised trading facility and the classes of securities traded.

(3) Where a security specified in clause 2 (1) 1), 2), 3), 6) or 7) of this Act which has been admitted to trading on a regulated market is also traded on a multilateral trading facility or an organised trading facility without the consent of the issuer, the issuer of the security is subject to the provisions of subsection 135 (1).
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 163^3. Trading within multilateral trading facility and organised trading facility

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) The persons complying with conditions provided for in subsection 132 (1) of this Act have the right to participate in a multilateral trading facility and the provisions of subsections 134 (1) and (2) apply to such persons.

(2) The provisions of subsections 79^{1}(2) and (4), clauses 85 (1) 1), 5)–7) and 9) and §§ 85^{2}, 85^{4}–$87^{6}$and $89^{1}$of this Act apply to the transactions concluded on an organised trading facility.

(3) The provisions of §§ 136 and $138^{1}$of this Act apply to a multilateral trading facility and an organised trading facility.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 163^{4}. Supervision over activities within multilateral trading facility and organised trading facility

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) The provisions of §§ 148 and 149 of this Act concerning market operators apply to operators of a multilateral trading facility or an organised trading facility.

(2) Operators operating a multilateral trading facility and an organised trading facility shall provide the Supervision Authority with a detailed description of the functioning of the multilateral trading facility or organised trading facility, including of any links to a regulated market, a multilateral trading facility, an organised trading facility or a systematic internaliser which is organised by the operator or wherein the operator participates in, and of participants in and users of a multilateral trading facility or an organised trading facility.

(3) The Supervision Authority shall notify the European Securities and Markets Authority of every authorisation granted for regulating a multilateral trading facility or an organised trading facility and submit, upon request, the information specified in subsection (2) of this section.

(4) An operator of an organised trading facility or applicant of the relevant authorisation shall, upon request, provide the Supervision Authority with a detailed explanation of the following circumstances:
1) the features which do not enable the system to correspond to the characteristics of a regulated market, multilateral trading facility or systematic internaliser or to operate as such;
2) how discretion will be exercised in executing transactions, in particular when an order to the organised trading facility may be retracted and when and how two-way quotes of clients will be matched within the organised trading facility;
3) conditions under which an operator of the organised trading facility deals on own account using matched principal trading.

(5) The Supervision Authority shall monitor dealing on own account using matched principal trading by an operator of an organised trading facility to ensure that such activities continue to comply with the conditions provided for in subsection 124^{6}(8) of this Act and do not give rise to conflicts of interest between the operator and its clients.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 163^{5}. Growth market

(1) An operator of a multilateral trading facility shall notify the Supervision Authority of its intention to register the multilateral trading facility as a special-purpose trading venue for companies that had an average market capitalisation of a security of less than 200,000,000 euros on the basis of end-year closing price or quotes for the previous three calendar years in accordance with provisions of Article 77 of Commission Delegated Regulation (EU) 2017/565 (hereinafter *growth market*).

(2) Upon receipt of the notification specified in subsection (1) of this section and where the conditions specified in subsection (3) and Article 78 of Commission Delegated Regulation (EU) 2017/565 have been complied with, the Supervision Authority shall inform the European Securities and Markets Authority of the registration of a multilateral trading facility as a growth market.

(3) In addition to provisions of this Act concerning a multilateral trading facility, an operator of a growth market shall implement rules, systems and procedures to comply with at least the following conditions:
1) at least 50% of the issuers whose securities are admitted to trading on the growth market comply with the conditions of subsection (1) of this section concerning the market capitalisation at the time when the multilateral trading facility is registered as a growth market and in any calendar year thereafter;
2) the conditions of subsection (1) of this section concerning the market capitalisation apply to initial and ongoing admission to trading of securities of issuers on the growth market;
3) on initial admission to trading of securities the issuer publishes sufficient information to enable investors to make a carefully considered investment judgment or a prospectus if initial admission to trading of securities on a growth market entails a public offer within the meaning of this Act;
4) ongoing periodic annual accounts of an issuer are disclosed for the issuer;
5) the information concerning the issuers is stored;

6) issuers and persons specified in points (25) and (26) of Article 3(1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council comply with the requirements applicable to them under Regulation (EU) No 596/2014 of the European Parliament and of the Council;
7) a growth market operator applies systems and controls aiming to prevent and avoid market abuse as required under Regulation (EU) No 596/2014 of the European Parliament and of the Council.

(4) Upon a request of an operator of a growth market or if the growth market does not comply with the provisions of subsection (3) of this section, the Supervision Authority shall cancel the registration of a multilateral trading facility as a growth market, taking into account the provisions of Article 79 of Commission Delegated Regulation (EU) 2017/565, and inform the European Securities and Markets Authority thereof.

(5) A security admitted to trading on one growth market may also be admitted to trading on another growth market, provided that the issuer has been informed of such an intention and has not objected. The issuer shall not be liable for the compliance of requirements relating to disclosure of information or corporate governance with regard to the admission to trading of its security on another growth market.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

Chapter 18[2]
POSITION LIMITS IN COMMODITY DERIVATIVES

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 163[6]. Application of Chapter

(1) This Chapter shall not apply to wholesale energy products specified in point (4) of Article 2 of Regulation (EU) No 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency (OJ L 326, 8.12.2011, p. 1–16) which are traded on an organised trading facility and which are physically settled.
2) This Chapter shall also apply to persons specified in subsection 47 (1) of this Act.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 163[7]. Position limits in commodity derivatives

(1) The Supervision Authority shall establish clear limits on the size of the largest net position which a person can hold in commodity derivatives admitted to trading on trading venues (hereinafter *position limit*) applied to economically equivalent transactions concluded in a trading venue and outside the trading venue in order to:
1) prevent market abuse;
2) support orderly pricing and settlement conditions, including preventing market distorting positions, and ensuring, in particular, convergence between prices of commodity derivatives in the delivery month and spot prices for the underlying commodity, without affecting price formation on the market for the underlying commodity.

(2) Persons of Estonia holding positions in commodity instruments admitted to trading in a trading venue registered in another Member State are required to adhere to position limits established by the supervision agency of another Contracting State in Estonia or in any other Contracting State.

(3) Upon application of position limits, all the positions held by the person in a commodity instrument and positions held on behalf of the person by a person that is part of the same consolidation group as the person are taken into account.

(4) Position limits must be transparent and non-discretionary and take account of the nature and composition of participants in the trading venue in aggregate and of the use of commodity derivatives admitted to trading by them.

(5) The Supervision Authority shall review position limits and change them where necessary if there is a significant change in deliverable supply of underlying of the commodity derivatives or open interest or any other significant change on the market, based on its determination of deliverable supply and open interest.

(6) The Supervision Authority shall disclose the position limits on its website and notify the European Securities and Markets Authority of the details of position limits established.

(7) Position limits shall not apply to positions held in commodity derivatives by or on behalf of the person who is not a credit or financing institution and whose positions reduce risks directly relating to the commercial activity of that person in an objectively measurable manner.

(8) In order to apply the exemption specified in subsection (7) of this section, a person shall submit a request to the Supervision Authority, which includes information specified in Article 8(2) of Commission Delegated Regulation (EU) 2017/591 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the application of position limits to commodity derivatives (OJ L 87, 31.3.2017, p. 479–491).

(9) Upon establishment, calculation and application of position limits, the Supervision Authority shall take into account the methodology provided for in Commission Delegated Regulation (EU) 2017/591.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 163[8]. Establishment of more restrictive position limits

(1) The Supervision Authority may only impose position limits which are more restrictive than effective position limits in exceptional cases where they are objectively justified and proportionate taking into account the liquidity of the market and the orderly functioning of that market.

(2) More restrictive position limits may be established for up to six months from the date of their publication and renewed for further periods of up to six months if the grounds for the more restrictive position limits continue to be applicable. More restrictive position limits shall automatically expire after the six-month period, unless they are renewed.

(3) The Supervision Authority shall publish the more restrictive position limits on its website.

(4) The Supervision Authority shall notify the European Securities and Markets Authority of its intention to establish more restrictive position limits, including a justification for them.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 163[9]. Cooperation of Supervision Authority in application of position limits

(1) The Supervision Authority shall adjust the position limits or more restrictive position limits established on the basis of the opinion of the European Securities and Markets Authority or does not change the relevant decision, publishing an explanation for the reasons therefor on its website without delay.

(2) Where the same commodity derivative is traded in significant volumes on trading venues in more than one jurisdiction and the trading venue with the largest trading volume has been registered in Estonia, the Supervision Authority as a central financial supervision authority shall set the single position limit to be applied in all jurisdictions to the transactions made with such derivatives. The Supervision Authority shall consult the financial supervision authorities of other trading venues on which that commodity derivative is traded in significant volumes on the single position limit to be applied and any revisions to that single position limit.

(3) Where the Supervision Authority does not agree with the position limit established by the financial supervision authority of the other Contracting State as a central financial supervision authority, the Supervision Authority shall submit in writing the reasons why it considers that the requirements provided for in subsection 163[7](1) of this Act are not met to the financial supervision authority of the other Contracting State and to the European Securities and Markets Authority. The Supervision Authority may address the European Securities and Markets Authority to settle any dispute arising from such disagreement.

(4) The Supervision Authority shall take measures to arrange cooperation with the financial supervision authority of the other Contracting State exercising supervision over the trading venues where the same commodity derivative is traded and the position holders in that commodity derivative, including to exchange relevant data in order to enable the monitoring of the single position limit and enforcement of the position limit.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 163[10]. Management of commodity derivatives positions

(1) Where commodity derivatives are traded in a trading venue, an operator operating a trading venue shall apply commodity derivative position management controls. To this end, an operator of a trading venue has the powers to:
1) monitor the open interest positions of persons;
2) access information, in particular all relevant documentation about the size and purpose of a position or exposure entered into in relation to the commodity derivative as well as information about indirect holding, any concert arrangements of acquisition of positions, and any related assets or liabilities in the underlying market;
3) require the termination or reduction of a position, on a temporary or permanent basis as the specific case may require and unilaterally take appropriate action to terminate or reduce the position if the requirement is not complied with;
4) where appropriate, require a person to provide liquidity back into the market at an agreed price and volume on a temporary basis with the express intent of mitigating the effects of a large or dominant position.

(2) The position management controls shall be transparent and non-discretionary, specify the circumstances of application of position limits and take account of the nature and composition of participants in a trading venue in aggregate and of the use of commodity derivatives admitted by them to trading.

(3) An operator operating a trading venue shall inform the Supervision Authority of the details of position management controls. The Supervision Authority shall communicate the information obtained to the European Securities and Markets Authority.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 163[11]. Reporting obligation of operator of trading venue

(1) Where commodity derivatives or emission allowances or derivatives thereof are traded in a trading venue, an operator operating a trading venue is required to:
1) make public a weekly report with the aggregate positions held by the categories of persons specified in subsection (2) of this section for the different commodity derivatives or emission allowances or derivatives thereof traded on the trading venue, and submit the report to the Supervision Authority and the European Securities and Markets Authority;
2) provide the Supervision Authority with a complete breakdown of the positions held by all persons concluding transactions in the trading venue, including the participants and the clients thereof, in commodity derivatives on that trading venue, at least on a daily basis.

(2) An operator operating a trading venue shall classify persons holding positions in a commodity derivative or emission allowance or derivative thereof according to the nature of their main business as either:
1) investment firms or credit institutions;
2) investment funds or management companies thereof;
3) other financial institutions, including insurance undertakings and management companies managing an occupational retirement pension fund within the meaning of the Funded Pensions Act;
4) in the case of emission allowances or derivatives thereof, operators of an emission source or aircraft operators subject to the obligations provided for in the Atmospheric Air Protection Act;
5) commercial undertakings not specified in clauses 1)–4).

(3) The obligation provided for in clause (1) 1) of this section shall only apply when both the number of persons and their open positions exceed minimum thresholds established by Article 83 of Commission Delegated Regulation (EU) 2017/565.

(4) An operator operating a trading venue shall specify in the report referred to in clause (1) 1) of this section the number of long and short positions by category of persons specified in subsection (2) of this section, any changes thereto since the previous report, percent of total open interest represented by each category, and the number of persons holding a position in each category.

(5) The report referred to in clause (1) 1) of this section shall differentiate between:
1) positions identified as positions which in an objectively measurable way reduce risks directly relating to commercial activities;
2) positions not specified in clause 1) of this subsection.

(6) The requirements for submission of reports referred to in clause (1) 1) of this section have been provided for in Commission Implementing Regulation (EU) 2017/1093 laying down implementing technical standards with regard to the format of position reports by investment firms and market operators (OJ L 158, 21.6.2017, p. 16–26) and Commission Implementing Regulation (EU) 2017/953 laying down implementing technical standards with regard to the format and the timing of position reports by investment firms and market operators of trading venues pursuant to Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (OJ L 144, 7.6.2017, p. 12–13).
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 163[12]. Reporting obligation of commodity derivatives dealer

(1) Investment firms trading in commodity derivatives or emission allowances or derivatives thereof admitted to trading in a trading venue outside the trading venue shall provide the Supervision Authority at least on a daily basis with a breakdown of their positions taken in commodity derivatives or emission allowances or derivatives thereof and economically equivalent transactions concluded outside the trading venue, as well as of positions of their clients and the clients of those clients until the end client is reached, in accordance with Article 26 of Regulation (EU) No 600/2014 of the European Parliament and of the Council and, where applicable, of Article 8 of Regulation (EU) No 1227/2011 of the European Parliament and of the Council.

(2) The provisions of subsection (1) of this section shall also apply where the commodity derivatives or emission allowances or derivatives thereof are traded in significant volumes on trading venues in more than one jurisdiction and the trading venue with the largest trading volume has been registered in Estonia.

(3) The breakdown referred to in subsection (1) of this section shall differentiate between:
1) positions identified as positions which in an objectively measurable way reduce risks directly relating to commercial activities;

2) positions not specified in clause 1) of this subsection.

(4) Participants of trading venues and clients of an organised trading facility shall report to the operator operating that trading venue the details of their own positions held in commodity derivatives admitted to trading on that trading venue at least on a daily basis, as well as positions of their clients and the clients of those clients until the end client is reached.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

Chapter 19
TAKEOVER BIDS

§ 164. Scope of application

(1) The provisions of this Chapter shall apply to takeover bids made to acquire voting rights in public limited companies which are registered in Estonia (hereinafter *Estonian target issuer*) and of which all or a certain type of their shares are traded on an Estonian market.

(2) The provisions of this Act, legislation established on the basis thereof and other legislation concerning notification of the employees of target issuers, holding of voting rights and controlled companies, the exception concerning the mandatory takeover bid specified in § 173 of this Act, protective measures and other provisions relating to company law shall apply to takeover bids made to acquire voting rights in Estonian target issuers, none whose shares are traded on an Estonian market.

(3) The provisions of this Act and legislation established on the basis thereof concerning takeover bids shall apply to takeover bids made to acquire voting rights in public limited companies which are registered in another Contracting State (hereinafter *target issuer of Contracting State*) provided that one of the following conditions have been met:
1) the takeover bid for acquiring voting rights is made only with respect to shares granting voting rights being traded on an Estonian market;
2) the takeover bid for acquiring voting rights is made simultaneously with respect to shares granting voting rights being traded on an Estonian market and a market of another Contracting State, provided that the shares were admitted to trading on the Estonian market for the first time or they were admitted to trading simultaneously in an Estonian market and a market of another Contracting State and the target issuer has decided to choose the Supervision Authority as the agency authority to supervise the takeover bid.

(4) Only the provisions of this Act and legislation issued on the basis thereof concerning approval and processing of takeover bids, determination of fair purchase prices, disclosure and the contents of the prospectus for a takeover bid (hereinafter *prospectus for takeover bid*) shall apply under the conditions provided in subsection (3) of this section. In other cases, the law of the home country of the target issuer shall apply to target issuers of Contracting States.

(5) The provisions of this Chapter shall not apply to a fund founded as a public limited company for the purposes of § 6 of the Investment Funds Act and to investment funds registered in other Contracting States.
[RT I, 31.12.2016, 3 - entry into force 10.01.2017]

(6) For the purposes of this Chapter, a share is a security specified in clauses 2 (1) 1) and 7) of this Act as well as any other transferable right for voting at a general meeting of shareholders.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 165. Takeover bid

(1) For the purposes of this Act, a takeover bid is a public tender for the acquisition of shares for money or securities traded on the market to the shareholders (hereinafter *target persons*) of the target issuer.

(2) A public tender by the target issuer for the acquisition of the shares of the target issuer to its shareholders is not a takeover bid.

(3) The term for acceptance of an offer made by a takeover bid shall be 28–42 days based on which the offeror shall determine the term of the takeover bid (hereinafter *term of takeover bid*). The term of a takeover bid shall be calculated as of the term of publication of the prospectus for the takeover bid.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 166. Obligation to make takeover bid

(1) A person who has gained dominant influence over the target issuer either directly or together with other persons acting in concert is required to make a takeover bid for all shares of the target issuer within twenty days as of gaining dominant influence.

(2) The obligation provided for in subsection (1) of this section shall not apply where dominant influence has been acquired following a takeover bid made in accordance with the procedure provided for in this Chapter for

all the shares of the target issuer and all the holders of shares, and in case of implementation of the resolution tools or powers provided for in the Financial Crisis Prevention and Resolution Act.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 167. Dominant influence

(1) Dominant influence is a situation where the target issuer is a controlled company within the meaning of subsection 10 (1) of this Act, whereupon voting rights are determined on the basis of the provisions of subsection 10 (3) this Act.

(2) The Supervision Authority has the right to determine the gaining, holding, transfer, absence and scope of dominant influence in each individual case by carefully considering all the relevant circumstances.
[RT I 2005, 59, 464 - entry into force 15.11.2005]

§ 168. Persons acting in concert

(1) For the purposes of this Chapter, persons acting in concert are connected persons and other persons who, either alone or together with other persons, act together with the person obligated to make the takeover bid, person making the takeover bid (hereinafter *offeror*) or the target issuer on the basis of an oral or written agreement in order to gain, maintain or increase dominant control over the target issuer or in order to frustrate the takeover bid.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) For the purposes of this Chapter, connected persons are a controlled company, a person controlling this company and other companies controlled by this person.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 169. Functions of Supervision Authority

(1) The Supervision Authority shall monitor the compliance of the takeover bid with legislation.

(2) The Supervision Authority shall exercise supervision over the takeover bid together with the relevant operator of an exchange or the relevant market operator.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) The Supervision Authority has the right to request information from the offeror and target issuer about the takeover bid.

(4) If in the case of a takeover bid, the law of a third country applies to the offeror simultaneously with the law of Estonia and such law does not require the making of a takeover bid to all target persons, the Supervision Authority may permit, based on the request of the offeror, not to deem persons whose residence or registered office is in that state to be target persons.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 170. Obligations of offeror and connected persons

(1) In the case of a takeover bid, the offeror shall treat all owners of shares of the same type equally.

(2) The offeror and the target issuer must provide the target persons with significant, correct, accurate, complete and identical information for informed consideration of the takeover bid.

(3) The offeror shall make a takeover bid if it has sufficient financial resources and the means to carry out the takeover.
[RT I 2008, 13, 89 - entry into force 15.03.2008]

(4) [Repealed - RT I 2007, 58, 380 - entered into force 19.11.2007]

§ 171. Obligations of target issuer and connected persons

(1) In the case of a takeover bid, members of the management, management board and supervisory board of the target issuer shall be guided by the interests of the target issuer and shall not hinder the consideration of the takeover bid by target persons.

(2) The supervisory board of the target issuer shall formulate and disclose its opinion regarding the takeover bid.

(3) During the period between the takeover bid and the results of the takeover bid being made public, the management board or supervisory board of the target issuer (hereinafter *management body of target issuer*)

shall not perform any acts which could cause the failure of the takeover bid, unless the general meeting of the shareholders of the target issuer grants authorisation for the performance of such acts in the capacity of a protective measure (hereinafter *protective measures*). The issue of shares which may permanently prevent the offeror from gaining control over the target issuer is also considered to be a protective measure. Protective measures shall not be applied for longer than necessary. The management body of a target issuer has the right to invite other persons to make competing takeover bids and the making of such bids is not deemed to be application of protective measures.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(4) The authorisation of the general meeting of the shareholders of the target issuer must also exist concerning the decisions of the management body made before the disclosure of the takeover bid which are beyond the scope of the everyday economic activities of the target issuer and compliance with which could result in the application of protective measures.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(5) The authorisation of the general meeting of the shareholders of the target issuer provided in subsections (3) and (4) of this section shall be adopted if at least two-thirds of the votes represented at a general meeting are in favour unless the articles of association prescribe a greater majority requirement.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 171[1]. Prohibition on imposition of restrictions and use of special rights

(1) During the term of the takeover bid, the restrictions on the transfer of shares provided by the articles of association, contracts between the target issuer and the shareholders or contracts between the shareholders shall not apply to the offeror.

(2) The restrictions and agreements relating to voting rights provided by the articles of association of the target issuer do not apply, and preferred shares do not grant voting rights at a general meeting of shareholders which takes place within the term of the takeover bid where a resolution is passed concerning the use of the protective measures specified in subsections 171 (3) and (4).

(3) If after a takeover bid, the offeror has acquired at least 75 per cent of the share capital of the target issuer representing the voting rights then, any agreements related to voting rights and special rights of shareholders provided by the articles of association of the target issuer do not apply upon the election and removal of the members of the supervisory body, and preferred shares do not grant voting rights at the first general meeting called by the offeror where amendment of the articles of association or passing of a resolution concerning the membership of the supervisory body is planned. The offeror has the right to call a general meeting, notice of which shall be given at least two weeks in advance.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 172. Obligations of offeror, target issuer and persons acting in concert therewith

The offeror, target issuer and persons acting in concert therewith are required to refrain from activities which would cause unusual fluctuations in the price of the shares of the target issuer during the term of a takeover bid.

§ 173. Exceptions to mandatory takeover bid

On the basis of a relevant written application from the person who gains dominant influence over the target issuer, the Supervision Authority has the right to grant an exception to the requirement for a mandatory takeover bid if one of the following circumstances exists:
1) the company acquired dominant influence over the target issuer from another company belonging to the same group as the company and the company continues to belong to the same group thereafter;
2) dominant influence was gained reducing the share capital of the target issuer;
3) dominant influence was gained for the purpose of carrying out a merger or division prior to approval of the merger or division agreement by the merging companies or by the general meeting of the shareholders of the target issuer being divided, on the condition that, as a result of the merger or division of the target issuer, the dominant influence of the person or persons acting in concert shall be terminated;
4) the shares were acquired for a short term for the purpose of further transfer but the acquisition resulted in a dominant influence, including the acquisition of securities for a trading portfolio, underwriting of a share issue and acquisition of the shares by the issuer;
5) dominant influence was gained without any prior intention to gain dominant influence over the target issuer, and the acquirer of dominant influence surrenders it to a third party who is not a person acting in concert therewith within ten working days as of gaining dominant influence, on the condition that a general meeting of the shareholders of the target issuer is not held during this term;
6) a shareholder gained dominant influence by exercising a pre-emptive right to subscribe to shares which arises from law and was not acquired from other persons.
7) dominant influence was gained as a result of succession, gift or division of marital property, and the acquirer of dominant influence surrenders it to a third party who is not a person acting in concert therewith within ten working days as of gaining dominant influence, on the condition that a general meeting of the shareholders of the target issuer is not held during this term;
[RT I 2009, 12, 71 - entry into force 27.02.2009]

8) dominant influence was gained as a result of transformation, rehabilitation or rationalization of the target issuer;
[RT I, 26.06.2017, 1 - entry into force 06.07.2017]
9) dominant influence was gained as a result of pledging or establishment of financial guarantee.
[RT I, 26.06.2017, 1 - entry into force 06.07.2017]

§ 174. Purchase price in takeover bid

(1) The ratio of the purchase prices of shares of different type which serve as the object of a takeover bid shall be in proportion to the rights and obligations deriving from the shares.

(2) The purchase price of a share which serves as the object of a mandatory takeover bid and is stated in the mandatory takeover bid shall be fair.

(3) The fair price payable for a share which serves as the object of a takeover bid within the framework of a mandatory takeover bid shall be the highest price that the offeror or persons acting in concert with the offeror have paid for such share within the six months prior to the offer.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(4) If the offeror or persons acting in concert with the offeror acquire the shares after the disclosure of the takeover bid and before the disclosure of the result of the takeover bid for a price higher than the purchase price, then the highest price that they have paid for such share during that period is deemed to be the fair price.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(5) If within six months following the acquisition of the own shares based on the resolution of the general meeting or supervisory board of a target issuer under dominant influence a person having dominant influence over the target issuer or a person acting in concert therewith makes a takeover bid to the shareholders of such target issuer, the offeror shall compensate the difference between the price paid for the share to the person who transferred the share to the target issuer in the course of the acquisition of the own shares based on the resolution of the general meeting or supervisory board and the purchase price paid in the takeover bid if the purchase price is higher in the takeover bid and if a shares buy-back programme meeting the requirements of Commission Delegated Regulation (EU) 2016/1052 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures (OJ L 173, 30.06.2016, p. 34-41) or other equivalent document does not disclose an intention of making the takeover bid.
[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

§ 175. Approval of takeover bid

(1) The offeror shall obtain approval for the takeover bid from the Supervision Authority.

(2) The Supervision Authority shall not approve a takeover bid which violates legislation.

(3) The Supervision Authority shall make a decision on the approval of a takeover bid or the grant of the exception specified in § 173 of this Act within fifteen days as of receiving a corresponding written application from the offeror.

(4) If a share which serves as the object of a takeover bid of a target issuer registered in another Contracting State has been admitted to trading on the Estonian market, a takeover bid may be made in Estonia based on the prospectus of a takeover bid approved by the competent supervision authorities of other Contracting States.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 176. Right to contest takeover bid

(1) A target person or other person connected with the takeover bid may not demand cancellation of the takeover bid or modification of the conditions thereof after the Supervision Authority has approved the takeover bid.

(2) A target person or other person connected with the takeover bid may demand compensation of damage caused by the takeover bid.

(3) The limitation period of a claim specified in subsection (2) of this section shall be one year as of approval of the takeover bid by the Supervision Authority.

§ 177. Disclosure of takeover bid

The offeror shall publish the prospectus for the takeover bid on the website of the operator of the relevant market and the prospectus shall contain accurate, precise and complete information regarding the takeover bid.

§ 178. Results of takeover bid

The offeror shall make public the results of the takeover bid after expiry of the term of the takeover bid on the website of the operator of the corresponding market.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 179. Extension of term of takeover bid

If circumstances emerge which postpone the takeover bid, the offeror shall extend the term of the takeover bid with respect to these target persons who have not, within the framework of the takeover bid, made a proposal or an offer to the offeror to transfer the shares.

§ 180. Withdrawal from contract

(1) In the cases and pursuant to the procedure prescribed in this Act and legislation established on the basis thereof, a person who makes a proposal or an offer for the transfer of a share within the framework of a takeover bid and the target person who accepts the proposal or the offer have the right to withdraw from the offer or proposal and to withdraw from the agreement.

(2) In the cases and pursuant to the procedure prescribed in this Act and legislation established on the basis thereof, a target person who enters into a contract for the transfer of a share within the framework of a takeover bid has the right to cancel or withdraw from a transfer contract which has been entered into but not yet executed or to demand the return of that which has been delivered or received on the basis of a transfer contract which has already been executed or, in the event this is impossible, to demand compensation for damage in money. In this case, the offeror does not have the right to file a claim against the target person for compensation of damage.

§ 181. Competitive takeover bid

In the event another offeror makes a takeover bid with respect to the shares which are the object of the takeover bid (a competitive takeover bid), the target person has the right to choose between the offers and, in order to do so, to do the following during the term of the original takeover bid:
1) withdraw the proposal made to the offeror, within the framework of the original takeover bid, to transfer the share;
2) withdraw from the agreement to transfer the shares entered into within the framework of the original takeover bid.

§ 182. Consequences of illegal takeover bid

(1) If a person violates the obligation prescribed in § 166 of this Act but the person is not granted the right to withdraw from making a mandatory takeover bid in accordance with § 173 of this Act or if a person violates the obligation prescribed in subsection 175 (1) of this Act, the person may not exercise voting rights in the target issuer and these votes shall not be included in the quorum of the general meeting of the target issuer until such time as the violation is eliminated.

(2) The Supervision Authority has the right to issue a mandatory precept to the registrar of the Estonian Register of Securities for immediate execution to prohibit, for a term of up to twenty days, the use and disposal of securities in a securities account held by an offeror or a person acting in concert therewith in the event that an illegal takeover bid is made or that another bid, similar to a takeover bid, is made available to the shareholders of the target issuer or that the offeror and a person acting in concert therewith performs other acts which are in violation of this Act or legislation established on the basis thereof.
[RT I, 26.06.2017, 1 - entry into force 06.07.2017]

§ 182[1]. Takeover of shares after takeover bid

(1) If the offeror has acquired at least 9/10 of the share capital of the target issuer representing the voting rights as the result of a takeover bid, the general meeting of shareholders of the target issuer may decide, at the request of the offeror, on the takeover of the remaining shares belonging to target persons for a fair compensation.

(2) The general meeting of the target issuer may make the decision on the takeover of the remaining shares belonging to target persons specified in subsection (1) of this section within three months after the expiry of the takeover term. A resolution on the takeover of shares belonging to the rest of the target persons shall be adopted if at least 9/10 of the votes represented by shares are in favour.

(3) In the case provided by subsection (1) of this section, fair compensation may be paid in money or in liquid shares traded on the market and in such case, the compensation shall not be lower than the purchase price of the takeover bid.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 182[2]. Extension of term of takeover bid with respect to target persons

The takeover term shall be extended up to three months after the date of disclosure of the takeover bid results with respect to the target persons who, within the framework of the takeover bid, did not make the target issuer

an offer for the taking over of shares, if at least 9/10 of the share capital of the target issuer representing the voting rights is represented by the shares of the offeror and the general meeting of the target issuer has not made the takeover decision provided in § 182[1] of this Act.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 183. Rules of takeover bids

(1) Based on the principles set out in this Act, the minister responsible for the area shall, by a regulation, establish more specific requirements for a takeover bid and the circumstances related thereto (hereinafter *the rules of a takeover bid*).

(2) The rules of a takeover bid shall prescribe the following:
1) the criteria and procedure for determining a fair purchase price for the share which serves as the object of the takeover bid and the payment thereof;
2) the maximum term of the takeover bid and the conditionality criteria of the takeover bid;
3) the conditions and procedure for amending the takeover bid;
4) the procedure for co-ordination of the takeover bid with the Supervision Authority;
5) the criteria and procedure for disclosing and communicating information regarding the takeover bid;
6) the requirements as to the contents and form of the prospectus containing all the terms and conditions of the takeover bid;
7) the criteria and procedure for publication of the results of the takeover bid;
8) the criteria and procedure for distribution of the shares serving as the object of the takeover bid to the offeror;
9) the obligations of the offeror when acquiring the shares serving as the object of the takeover bid on more favourable conditions with respect to the target persons than those set out in the takeover bid;
10) the requirements as to the contents and form of the opinion of the supervisory board of the target issuer regarding the takeover bid and related circumstances;
11) the nature of inappropriate protection measures taken by the target issuer or target person with the aim of not making the takeover bid or of defeating the takeover bid;
12) the principles and valid provisions applicable to a competitive takeover bid and the impact of a competitive takeover bid on the original bid;
13) the scope of the rights and obligations of the Supervision Authority in exercising supervision prior to the takeover bid being made public and supervision related to the takeover bid.

(3) If necessary, the rules of a takeover bid may also prescribe:
1) more specific features of a mandatory takeover bid and more specific features of the extraordinary circumstances in the case of which a person has the right, with the approval of the Supervision Authority, to withdraw from making a mandatory takeover bid;
2) the procedure to withdraw a proposal made within the framework of the takeover bid and to withdraw from an agreement entered into;
3) particulars of changing the purchase price of a share serving as the object of a mandatory takeover bid, based on which the Supervision Authority has the right to propose the changing of the purchase price disclosed earlier to the offeror.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

Chapter 20
REGULATED INFORMATION

[RT I 2007, 58, 380 - entry into force 19.11.2007]

Division 1
General Provisions

[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 184. Application of Chapter

[RT I 2007, 58, 380 - entry into force 19.11.2007]

(1) The provisions of this Chapter apply to the disclosure of regulated information relating to issuers of securities, except for money market instruments, admitted to trading on the Estonian market or a market of another Contracting State provided that the home Contracting State of such issuers is Estonia.

(2) The provisions of this Chapter do not apply to money market instruments and the units or shares of such investment funds, which are not closed-ended for the purposes of the Investment Funds Act.

[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

§ 184[1]. Shareholder

(1) For the purposes of this Chapter, a shareholder is a person who directly or indirectly holds:
1) the shares of the issuer in its own name and on its own account;
2) the shares of the issuer in its own name and on behalf of a third person;
3) depositary receipts of the shares of the issuer.

(2) The person holding a depositary receipt is the holder of the share represented by and underlying the depositary receipt.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 184[2]. Debt security

For the purposes of this Chapter, a debt security is a bond or other debt obligation tradable as a security, except for a convertible security or another security which is equivalent to a share or which, as the result of conversion or performance of the rights represented thereby grants the right to acquire a share or a security which is equivalent to a share.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 184[3]. Electronic means

For the purposes of this Chapter, electronic means shall mean the electronic equipment for the processing, storing and transmitting of data by way of cable, radio communication, optic technology or other electromagnetic technologies.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 184[4]. Home Contracting State and host Contracting State

[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

(1) For the purposes of this Act, a home Contracting State means:
1) Estonia in the case of an issuer registered in Estonia;
2) a Contracting State which is the registered office or, where appropriate, place of residence of the issuer of securities in the case of an issuer of another Contracting State;
3) at the choice of the issuer or person asking for admission to trading of a foreign state which is not a Contracting State (hereinafter *third country*), Estonia or another Contracting State where the securities of a third country issuer have been admitted to trading on a regulated market.

(2) The issuer or person asking for admission to trading of non-equity securities may choose that the home Contracting State is Estonia or another Contracting State which is the registered office or, where appropriate, place of residence of the specified issuer of non-equity securities or where these non-equity securities have been admitted or are to be admitted to trading on a regulated market if the nominal value of a security included in an issue of non-equity securities is less than 1000 euros or in another currency approximately 1000 euros or less.

(3) The issuer of non-equity securities specified in subsection (2) of this section may choose only one Contracting State as the home Contracting State and this choice shall remain valid for at least three years unless the securities of such issuer are no longer admitted to trading on the regulated market of any Contracting State or the provisions of subsection (1) or (4) of this section apply to this issuer within three years.

(4) An issuer, whose securities are no longer admitted to trading on the regulated market in the chosen home Contracting State, but whose securities have been admitted to trading in one or several host Contracting States, may choose a new home Contracting State from among the Contracting States where the issuer's securities have been admitted to trading on a regulated market or which is the registered office or, where appropriate, place of residence of such issuer.

(5) For the purposes of this Act, a host Contracting State means Estonia or another Contracting State where the issuer's securities have been admitted to trading on a regulated market, unless the state is a home Contracting State.

(6) If Estonia is the home Contracting State pursuant to this section, an issuer or person asking for admission to trading shall disclose the relevant information pursuant to the provisions of § 184[6] of this Act and simultaneously submit the same information to the competent supervisory agency of the Contracting State which is the registered office or, where appropriate, place of residence of the issuer and to the competent supervisory agencies of all the host Contracting States.

(7) If an issuer has not disclosed the choice of the home Contracting State pursuant to the procedure provided by subsection (5) of this section within three months as of the admission of the issuer's securities to trading on a market, the issuer's home Contracting State shall be the Contracting State where the issuer's securities have been admitted to trading on a market. If there are several such Contracting States, the issuer's home Contracting

States shall be all of these Contracting States until the issuer has chosen one from among these and discloses such choice pursuant to the provisions of subsection (1) of this section.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 184[5]. Host Contracting State

[Repealed - RT I, 14.11.2015, 1 - entry into force 24.11.2015]

§ 184[6]. Disclosure of regulated information

(1) An issuer or person asking for admission to trading shall disclose the regulated information under the conditions provided for in this Chapter.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(2) An issuer or person asking for admission to trading shall disclose the regulated information in the form which allows rapid access thereto in an uniform manner, and shall make such information accessible within the system specified in subsection (5) of this section. An issuer or person asking for admission to trading shall not charge any fees for the provision of information.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(3) For the publication of information, an issuer is required to use media channels which may be presumed to actually and efficiently transmit the information to the public all over the European Union. Regulated information shall be disseminated simultaneously to the widest possible public.

(4) The provisions of subsections (1)–(3) of this section also apply to issuers whose securities have not been admitted to trading on the regulated market of the home Contracting State and whose only host Contracting State is Estonia.

(5) The Supervision Authority shall administer the central recording system for regulated information or shall appoint a person to administer the system.

(6) Regulated information shall be presented to the media channels as an unaltered full text.

(7) The requirement provided for in subsection (6) of this section is deemed to be fulfilled with respect to the reports specified in §§ 184[10]–184[12] of this Act also in case the data related to the regulated information is submitted to media channels, indicating the website on which the specified reports can be accessed in addition to the system specified in subsection (5) of this section.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(8) Regulated information shall be presented to media channels in a manner which guarantees the safety and data protection of the message, reduces the danger of abuse of data and allows to determine the source of the regulated information with sufficient clarity. In order to ensure safe access to regulated information, any failures or malfunctions which may occur upon the transmission of the data shall be eliminated as soon as possible. An issuer is not responsible for system errors or possible deficiencies in media channels to which the regulated information has been forwarded.

(9) Regulated information shall be forwarded to media channels in a manner clearly indicating that its nature is regulated information and it shall also set out the provider of the information or the issuer of the securities (hereinafter *information provider*), the topic of the regulated information and the date and time when the issuer forwarded the information. At the request of the Supervision Authority, an information provider shall provide the following information related to the forwarding and publication of regulated information:
1) the name of the person who forwarded the information to the media channel;
2) data concerning confirmation of safety (validation);
3) time and date of forwarding the information to the media channel;
4) the data channel or means through which the information was forwarded;
5) data concerning any prohibition set by the information provider with respect to the regulated information.

(10) [Repealed - RT I, 07.04.2017, 2 - entry into force 17.04.2017]

§ 184[7]. Notification of Supervision Authority

[RT I, 14.11.2015, 1 - entry into force 24.11.2015]
Upon disclosure of the regulated information, an issuer or person asking for admission to trading shall simultaneously submit the same information to the Supervision Authority unless the information has been disclosed pursuant to the provisions of § 186 of this Act or Article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council. The Supervision Authority may disclose the information submitted thereto on its website.

[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

§ 184[8]. Language

(1) If securities have been admitted to trading only on the market of Estonia as the home Contracting State, regulated information shall be published, in Estonian or English.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) If securities have been admitted to trading on the market of Estonia as the home Contracting State and also on the market of one or several host Contracting States, the regulated information shall be published in Estonian or English and, according to the choice of the issuer, in a language accepted by the host Contracting States or in English.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(3) If securities have been admitted to trading on the market of one or several host Contracting States but not on the market of Estonia as the home Contracting State, the regulated information shall be published according to the choice of the issuer in a language accepted by the host Contracting States, in English or in Estonian and English.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(4) If securities have been admitted to trading on the market of Estonia as the host Contracting State, regulated information shall be published, according to the choice of the issuer, in Estonian or English.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(5) If securities have been admitted to trading on the market without the issuer's consent, then instead of the issuer, the obligations provided in subsections (1)–(4) of this section shall apply to the person asking for admission to trading.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(6) The information provided for in subsection 185 (1) of this Act shall be forwarded to the issuer in Estonian or in English.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(7) If securities with the nominal value or book value of at least 100,000 euros or debt securities which nominal value corresponded to at least 100,000 euros on the date of their issue have been admitted to trading on the markets of one or several Contracting States, the regulated information shall be disclosed, at the choice of the issuer or person asking for admission to trading, in the language accepted by the home Contracting State and the host Contracting State, or in English.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(8) The provisions of subsection (7) of this section shall also apply to debt securities, which have been admitted to trading before 31 December 2010 on a market of one or several Contracting States and which nominal value is at least 50,000 euros or corresponded to at least 50,000 euros on the date of their issue, if these debt securities are nominated in other currencies and these have not been repurchased.
[RT I, 28.06.2012, 5 - entry into force 01.07.2012]

§ 184[9]. Issuers located in third countries

(1) The Supervision Authority has the right to exempt an issuer whose registered office is in a third country from compliance with the requirements provided in §§ 184[10]–184[12], 186, 187 and 187[3]–187[7] of this Act provided that equivalent requirements have been established by the legislation of such third country for the issuer or that the issuer adheres, upon disclosure of information, to the requirements of the third country which the Supervision Authority deems to be equivalent. Information subject to publication based on the equivalent requirements of the third country shall be submitted to the Supervision Authority pursuant to the provisions of § 184[7] of this Act and disclosed pursuant to the provisions of this Chapter. The Supervision Authority shall notify the European Securities and Markets Authority of the decision on granting the release provided for in the first sentence of this subsection.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(2) The requirements of a third country are deemed to be the equal requirements provided by subsection 184[10](5) of this Act if, pursuant to such requirements, an annual management report shall include, in compliance with the legislation of that country, at least the following information:
1) a fair and balanced overview including an integral analysis of the development and results of the issuer's economic activities and financial situation, together with a description of the main risks and possible doubts related thereto, above all taking account of the extent and complexity of its economic activities;
2) information concerning significant events which are to take place after the end of the financial year;
3) information concerning the possible directions of development of the issuer's activities.

(3) The analysis referred to in clause (2) 1) of this section shall include the main financial indicators related to actual business activity and, where necessary, also other indicators which allow to understand the issuer’s development, the result of its activity and financial status.

(4) The requirements of a third country are deemed to be the equal requirements provided by subsection 184[11](3) of this Act if, pursuant to the legislation of that country, submission of abridged accounts is required in addition to the interim management report and the interim management report shall contain at least the following information:
1) a review of the activities of the corresponding period;
2) possible directions of development of the issuer during the remaining six months of the financial year;
3) in the case of an issuer of shares, the most significant transactions with the related parties unless such information has been published earlier.

(5) The requirements of a third country are deemed to be the equal requirements provided by subsection 184[10](2) and subsection 184[11](7) of this Act if the relevant person of the issuer is responsible, pursuant to the legislation of the third country, for the annual and semi-annual financial information and, above all for:
1) compliance of the annual report to the applicable procedure for reporting or accounting standards;
2) accuracy of the management review included in the management report.

(6) [Repealed - RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(7) The requirements of a third country are deemed to be the equal requirements provided by the first sentence of subsection 184[10](3) of this Act if, pursuant to the legislation of the country, submission of reports on a solo basis by a parent undertaking is not required but an issuer whose registered office is in that foreign country must submit at least the following information in the consolidated reports:
1) calculation of dividends with respect to issuers of shares and ability to pay dividends;
2) the requirements concerning the minimum capital and liquidity of all issuers, if possible.

(8) For compliance with an equivalent requirement, an issuer shall submit, at the request of the Supervision Authority, additional audited data which shall contain information concerning the reports on the solo basis of the issuer as a separate undertaking and shall reflect the details of the information specified in subsection (7) of this section. The data subject to submission may be prepared according to the accounting standards of the third country.

(9) The requirements of a third country are deemed to be the equal requirements provided by the second sentence of subsection 184[10](3) of this Act if an issuer whose registered office is located in the third country is not required, pursuant to the legislation of the third country, to submit a consolidated report but must prepare its reports on a solo basis pursuant to international accounting standards applicable within the European Union or approved pursuant to Article 3 of Regulation (EC) No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards (OJ L 243, 11.9.2002, p. 1–4) or pursuant to third country accounting standards equivalent thereto. If the financial information does not conform to such standards then, for compliance with the equality requirement, the financial information shall be submitted in the form of an adjusted financial statement and in addition, the reports prepared on a solo basis must be audited by an independent auditor.

(10) The requirements of a third country are deemed to be the equal requirements provided by § 186 of this Act if the period during which an issuer whose registered office is located in the third country is required, pursuant to the legislation of the third country, to notify of qualified holdings and during which it must disclose such qualifying holdings is not longer than seven trading days.

(11) The term for informing issuers and the further term for disclosure by an issuer may differ from the terms established by subsection 185[2](1) and § 186 of this Act, and the Supervision Authority may make a decision concerning such different terms based on the issuer's request. Information concerning such decisions shall be published on the website of the Supervision Authority.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(12) The requirements of a third country are deemed to be the equal requirements provided by § 187 of this Act if an issuer whose registered office is located in the third country is required, pursuant to the legislation of the third country, to meet the following conditions:
1) if an issuer is permitted to hold up to 5 per cent of the voting rights represented by own shares, it is required to disclose such information when such limit is reached or exceeded;
2) if an issuer is permitted to hold 5–10 per cent of the voting rights represented by own shares, it is required to disclose such information when 5 per cent or the relevant maximum amount is reached or exceeded;
3) if an issuer is permitted to hold over 10 per cent of the voting rights represented by own shares, it is required to disclose such information when the 5 per cent or 10 per cent limit is reached or exceeded. Upon determining the equality requirement, the notification obligation need not be taken into account upon exceeding a limit higher than 10 per cent.

(13) The requirements of a third country are deemed to be the equal requirements provided by § 187[5] of this Act if an issuer whose registered office is located in the third country is required, pursuant to the legislation of the

third country is required to disclose the total number of voting rights and the size of the own capital and share capital within thirty calendar days after such total number or size of capital is changed.

(14) The requirements of a third country are deemed to be the equal requirements provided by clause 187^6(3) 1) and clause 187^7(3) 1) of this Act if an issuer whose registered office is located in the third country is required, pursuant to the legislation of the third country is required to provide information at least concerning the place, time and agenda of a meeting.

(15) The requirements of a third country are deemed to be the equal requirements concerning independence provided by clauses 187^1(6) and (7) of this Act if the management company or investment firm specified in subsection 187^1(9) of this Act is required, by the legislation of that country to meet the following conditions:
1) the management company or investment firm must be able to use the voting rights represented by its assets freely and independently from the parent undertaking on all occasions;
2) the management company or investment firm must disregard the interests of the parent undertaking or other undertaking controlled by the parent undertaking in the case of conflict of interests.

(16) In order to comply with the equality requirement specified in subsection (15) of this section, a parent undertaking must comply with the notification requirements provided by clause 187^1(11) 1) and subsections (12) and (13) of this Act. In addition to the above, the parent undertaking must submit a certificate or confirmation concerning its conformity to the conditions provided in subsection (15) of this section with respect to each management company or investment firm.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

Division 2
Periodic Information

[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 184^{10}. Disclosure of annual financial reports

(1) An issuer is required to disclose its annual report within four months after the end of the financial year and arrange the annual report to be publicly available for at least ten years.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(2) The annual financial report shall consist of the audited annual accounts, management report and declaration by the management.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(3) If an issuer is required to prepare consolidated reports pursuant to legislation established upon transposition of Directive 2013/34/EU of the European Parliament and of the Council on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19–76), the audited annual accounts specified in subsection (2) of this section shall consist of the consolidated reports conforming to Regulation (EC) No 1606/2002 of the European Parliament and of the Council and reports concerning the parent undertaking conforming to the law of the Contracting State of the registered office of the parent undertaking. If an issuer is not required to prepare consolidated reports, such audited annual accounts shall consist of reports conforming to the law of the Contracting State of the registered office of the issuer.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

(4) The annual accounts which constitute part of the annual report shall be audited in conformity to the provisions of legislation established upon the transposition of Article 34 of Directive 2013/34/EU of the European Parliament and of the Council and Directive 2006/43/EC of the European Parliament and of the Council on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC (OJ L 157, 9.6.2006, p. 87–107). The sworn auditor's report shall be signed by the persons who carried out the audit. The obligation to audit annual accounts is not performed if the sworn auditor's report was published by a third-country sworn auditor for the purposes of § 11 of the Auditors Activities Act who has not been registered with the Auditors Activities Register regardless of the provisions of § $30^1$of the Auditors Activities Act.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

(5) The management report shall be prepared in conformity to the provisions of legislation established upon the transposition of Articles 19 and 19a of Directive 2013/34/EU of the European Parliament and of the Council and if the issuer is required to prepare consolidated reports, in conformity to the provisions of legislation established upon the transposition of Articles 29 and 29a of the same Directive.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

(6) The persons responsible for the operation of the issuer, whose names and duties shall be clearly indicated, shall declare and confirm in the declaration of the management that according to their best knowledge, the

annual accounts, prepared according to the accounting standards in force, present a correct and fair view of the assets, liabilities, financial situation and loss or profit of the issuer and the undertakings involved in the consolidation as a whole, and the management report gives a correct and fair view of the development and results of the business activities and financial status of the issuer and the undertakings involved in the consolidation as a whole and contains a description of the main risks and doubts.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 184[11]. Disclosure of half-yearly report

(1) An issuer of shares or debt securities is required to disclose the half-yearly report concerning the first six months of the financial year within three months after the end of such period and arrange the half-yearly report to be publicly available for at least ten years.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(2) The half-yearly report shall consist of the abridged accounts, an interim management report and declaration by the management.

(3) The interim management report shall set out, as a minimum, the significant events which took place during the first six months of the financial year and their effect to the abridged accounts, and contain a description of the main risks and ambiguities of the remaining six months of the financial year. The interim management report of an issuer of shares shall also set forth the significant transactions with the related parties.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(4) If an issuer is required to prepare consolidated reports, the abridged accounts specified in subsection (2) of this section shall be prepared in conformity to the international accounting standards approved pursuant to the procedure prescribed by Article 6 of Regulation (EC) No 1606/2002 of the European Parliament and of the Council and which are applied to the interim accounting reports. If an issuer is not required to prepare consolidated reports, the abridged accounts shall contain the abridged balance sheet, abridged income statement and explanatory Annexes. In preparing the abridged balance sheet and abridged income statement, the issuer shall adhere to the same principles for selecting information for calculations and disclosure than upon preparation of the annual financial report.

(5) The abridged balance sheet and abridged income statement shall set out all the entries and intermediate amounts of the annual accounts for the previous year. Additional budgetary entries shall also be added in the case where, upon omission of such data, the semi-annual accounts would fail to give an accurate and fair overview of the assets, liabilities, financial situation, profit or loss of the issuer. In addition to the above, the following comparative data shall be added:
1) the balance sheet of the first six months of the current financial year and the comparative balance sheet of the financial year directly before that;
2) the cumulative income report for the first six months of the current financial year containing comparative data concerning the comparable period of time of the previous financial year.

(6) The explanatory annexes shall contain a sufficient amount of information to guarantee the comparability of the abridged half-yearly report to the annual financial report.

(7) An issuer of shares shall submit, in the interim management reports, information at least concerning the following significant transactions and transaction amendments with the related parties:
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]
1) transactions with related parties carried out during the first six months of the current financial year which have significantly influenced the financial situation of the enterprise, or the results of activities during such period;
2) any amendments to the transactions with related parties described in the last annual statement which could have significantly influenced the financial situation of the enterprise, or the results of activities during the first six months of the financial year.

(8) If the half-yearly report has been audited, the sworn auditor's report or the review prepared by the auditors shall be submitted in full length. If the half-yearly report has not been audited or reviewed by auditors, the issuer shall make a declaration to such effect in the report.
[RT I 2010, 9, 41 - entry into force 08.03.2010]

(9) If an issuer of shares has no obligation to prepare a consolidated report, the issuer shall disclose at least the transactions with related parties specified in point (r) of Article 17 (1) of Directive 2013/34/EU of the European Parliament and of the Council.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

(10) The persons responsible for the operation of the issuer, whose names and duties shall be clearly indicated, shall declare and confirm in the declaration of the management specified in subsection (2) of this section that according to their best knowledge, the abridged accounts, prepared according to the accounting standards in

force, give a correct and fair view of the assets, liabilities, financial position and profit or loss of the issuer or the undertakings involved in the consolidation as a whole pursuant to the provisions of subsection (4), and the interim management report gives a correct and fair view of the information required in subsection (3).
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 184[12]. Report on payments made to governmental authorities

[RT I, 14.11.2015, 1 - entry into force 24.11.2015]
An issuer active in the extractive or logging of primary forest industries for the purposes of Article 41 of Directive 2013/34/EU of the European Parliament and of the Council shall prepare on an annual basis, in accordance with Chapter 10 of the specified Directive, a consolidated report on payments made to governmental authorities and make the report public not later than six months after the end of the financial year and arrange the report to be publicly available for at least ten years.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 184[13]. Exemptions from disclosure of periodic information

(1) The provisions of §§ 184[10]–184[11] of this Act do not apply to the following issuers:
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]
1) a state, a regional or local government of a state, an international organisation or another international institution governed by public law of which at least one Contracting State is a member, the European Central Bank, the European Stability Mechanism, another mechanism established with the objective of preserving the financial stability of euro area and providing financial assistance to the Contracting States or a central bank of a Contracting State regardless of whether they issue shares or other securities;
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]
2) an issuer who issues only debt securities admitted to trading on the market with the nominal value of at least 100,000 euros, or with the nominal value corresponding to at least 100,000 euros on the day of issue if the debt securities are nominated in another currency.
[RT I, 28.06.2012, 5 - entry into force 01.07.2012]

(2) The provisions of § 184[11] of this Act do not apply to credit institutions whose shares have not been admitted to trading on the market and who have continuously or repeatedly issued only debt securities within the meaning of § 184[2] of this Act, provided that the total nominal value of all such debt securities remains below 100,000,000 euros and the credit institution has not published a prospectus drawn up in compliance with this Act or Regulation (EU) 2017/1129 of the European Parliament and of the Council. For the purposes of this subsection, debt securities issued continuously or repeatedly shall mean the securities specified in subsection 2 (7) of this Act.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

(3) The provisions of § 184[11] of this Act do not apply to issuers established earlier than 31 December 2003 and who issue, for the market, only debt securities with non-retrievable and unconditional guarantee provided by the Republic of Estonia or a local government of Estonia.

(4) [Repealed - RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(5) The exception provided for in subsection (1) of this section does not apply to issuers who issue exclusively debt securities, which have been admitted to trading on the market before 31 December 2010 and which nominal value is at least 50,000 euros or corresponded to at least 50,000 euros on the date of their issue, if these debt securities are nominated in other currencies and these have not been repurchased.
[RT I, 28.06.2012, 5 - entry into force 01.07.2012]

Division 3
Ongoing Information

[RT I 2007, 58, 380 - entry into force 19.11.2007]

Subdivision 1
Information Concerning Holdings

[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

§ 185. Obligation to notify of number of votes

[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(1) If the number of votes in an issuer of shares belonging to a person pursuant to the provisions of §§ 9 and 10 of this Act constitutes 5, 10, 15, 20, 25 or 50 per cent, or 1/3 or 2/3 of all the votes represented by the shares issued by such issuer (hereinafter *notification threshold*) or exceeds any notification threshold either when

increasing or decreasing, the person shall notify of the number of votes belonging thereto the issuer of the shares and the Supervision Authority.

(2) The notification obligation specified in subsection (1) of this section shall apply also in case the number of votes in an issuer of shares belonging to a person reaches or exceeds the notification threshold in one of the following ways:

1) due to an event changing the breakdown of voting rights disclosed pursuant to § $187^5$of this Act;

2) in case of an issuer of shares registered in a third country, due to an event equivalent to provisions of clause 1) of this subsection;

3) in conjunction of the voting rights belonging to the person on other grounds provided for in clause 10 (3) 9) or 9^1) of this Act and §§ 9 and 10 of this Act;

4) upon acquisition of the shares specified in clause 10 (3) 9) or 9^1) of this Act, including in case the person has previously notified of the number of votes specified in clause 10 (3) 9) or 9^1) of this Act pursuant to the procedure provided for in this section.

(3) If the security specified in clause 10 (3) 9) or 9^1) of this Act is related to several underlying shares, each issuer of an underlying share shall be given separate notice of reaching or exceeding the notification threshold.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

§ 185^1. Person liable to notification obligation

[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(1) Each shareholder or another person specified in subsection 10 (3) of this Act shall have the notification obligation provided for in § 185 of this Act.

(2) If more than one person has the notification obligation, such persons may submit a joint one-time notice. The submission of a joint one-time notice shall not release any of the persons from the liability related to the notification obligation thereof.

(3) The parties to an agreement provided for in clause 10 (3) 4) of this Act shall submit a notice jointly each time.

(4) If a shareholder specified in clause 10 (3) 12) of this Act grants an authorisation for one meeting of shareholders or if an authorised person specified in the same clause receives one or several authorisations for one meeting of shareholders, a notice may be submitted as a one-time notice at the moment of either granting or receiving an authorisation provided that the notice states, in an unambiguous manner, the circumstances related to the voting rights in a situation where the authorised person is no longer able to use the voting rights at his or her own discretion.

(5) A person is not required to submit a notice in case the notification obligation is performed by the parent undertaking of such person.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

§ 185^2. Term of notification

(1) The notification obligation provided for in subsection 185 (1) of this Act shall be performed immediately but not later than on the fourth trading day as of the trading day following the day when a person:

1) became aware of the acquisition or transfer of the shareholding, exceeding the notification threshold or a possibility to exercise the voting right;

2) taking into account the circumstances, should have become aware of the acquisition or transfer of the shareholding, exceeding the notification threshold or a possibility to exercise the voting right, regardless of the date of entry into force of the acquisition or transfer of the shareholding, exceeding the notification threshold or a possibility to exercise the voting right, or

3) became aware of an event changing the breakdown of the votes disclosed pursuant to § $187^5$of this Act.

(2) For the purposes of this Act, “trading day” means a day provided for in Article 16 of Commission Delegated Regulation (EU) 2017/587 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on transparency requirements for trading venues and investment firms in respect of shares, depositary receipts, exchange-traded funds, certificates and other similar financial instruments and on transaction execution obligations in respect of certain shares on a trading venue or by a systematic internaliser (OJ L 87, 31.3.2017, p. 387–410).
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) In the application of subsection (1) of this section, excluding an event changing the breakdown of the votes disclosed pursuant to § 187[5] of this Act, it shall be considered that a shareholder or another person specified in subsection 10 (3) of this Act became aware or should have become aware of the acquisition or transfer of the shareholding, exceeding the notification threshold or a possibility to exercise the voting right no later than two trading days after the performance of the transaction.

(4) The calendar of Estonian trading days shall be taken as the basis upon application of subsection 185 (1), clauses 185 (2) 1), 3) and 4) and §§ 186 and 187 of this Act. The Supervision Authority shall publish on its website the calendar of trading days for the markets located or operating in Estonia.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

§ 185[3]. Notice of reaching or exceeding notification threshold

(1) The notification obligation specified in § 185 of this Act shall be considered performed when at least the following information has been submitted:
1) breakdown of voting rights according to the situation at hand;
2) where possible, information concerning the controlled companies through which such securities related to voting rights are actually held;
3) date of reaching or exceeding the notification threshold;
4) information concerning the shareholder, including in the case where, based on the conditions provided in subsection 10 (3) of this Act, the shareholder has no right to perform the voting right, and information concerning the person who has the right to perform the voting right on behalf of such shareholder.

(2) The information related to the voting rights specified in clauses 10 (3) 9) and 9[1]) of this Act shall contain the following in addition to items specified in clauses (1) 1)–3) of this section:
1) separate division by voting rights belonging to the person on other grounds provided for in clauses 10 (3) 9) and 9[1]) of this Act and §§ 9 and 10 of this Act;
2) separate division by securities subject to the right of physical settlement and settlement in cash.
3) if a specific period of time has been set for the use of the right arising from the security, the time of acquisition of the shares or the time when the possibility to acquire the shares arose;
4) the term for redemption, use or expiry of the security;
5) information concerning the person holding the security;
6) the name of the issuer who issued the underlying shares.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

§ 185[4]. Number of votes

(1) The number of votes specified in subsection 185 (1) of this Act shall be found on the basis of all the shares of the same class which represent the voting rights including in case the performance of the voting rights of such shares has been suspended.

(2) Upon submission of information specified in § 185 of this Act and related to securities specified in clauses 10 (3) 9) and 9[1]) of this Act:
1) all the securities related to the underlying shares issued by the same issuer for the purposes of subsection 10 (5) of this Act shall be totalled;
2) the percentage of votes shall be calculated from the total number of voting rights and the size of the share capital which has been published last pursuant to § 187[5] of this Act;
3) the total number of votes specified in clause 2) of this subsection shall be calculated on the basis of the notional amount of the underlying shares of the securities totalled pursuant to clause 1) of this subsection;
4) the total number of votes shall be calculated in case the securities may be settled only in cash, multiplying the notional amount of the shares specified in clause 3) of this subsection by the delta of the securities specified in clauses 10 (3) 9) and 9[1]) of this Act, taking into account long positions taken in such securities and not netting such long positions with short positions.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

§ 185[5]. Proof of acquisition and transfer of shareholding

(1) At the request of the Supervision Authority or the issuer of the share, the person who notified of the number of votes based on § 185 of this Act is required to prove to the Supervision Authority or the issuer the number of votes directly or indirectly owned thereby, and the amount, acquisition, ownership or transfer of the shareholding.

(2) If the Supervision Authority has a suspicion that the person has violated the notification obligation provided for in § 185 of this Act, but a person or agency registered in a foreign state refuses, without good reason, to provide the Supervision Authority with information concerning the votes which belong or are likely to belong to that foreign person or agency in a public limited company, the suspicion of the violation of the notification obligation shall be considered justified.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

§ 186. Disclosure obligation

An issuer shall organise the publication of the information received on the basis of § 185 of this Act without delay but not later than within three trading days after receiving the notice, unless the information is published by the Supervision Authority pursuant to the provisions of § 184^6 of this Act within three trading days after receiving the notice.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 187. Other cases

An issuer of shares who, itself or through a third person acting in its own name but at the expense of the issuer, acquires or transfers the shares, as the result of which the proportion of its shares in the voting rights reaches, exceeds or falls below 5 or 10 per cent, is required to make public such proportion without delay but not later than within four trading days after the acquisition or transfer of the shares. The proportion of own shares shall be calculated on the basis of all the voting rights represented by the shares issued by the issuer.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 187^1. Exceptions

(1) The notification obligation provided for in § 185 of this Act shall not apply to:
1) shares which are acquired only for settlement purposes within a usual short settlement cycle;
2) shares held by a person providing the service of safekeeping of shares, within the limits of its authority to provide such service, provided that such service provider is permitted to exercise the voting rights represented by such shares only based on instructions received in writing or through electronic media;
3) a five per cent holding acquired or transferred for market-making purposes if the market-maker does not interfere with the management of the issuer or influence the issuer to buy the shares held by the market-maker or to guarantee their price;
4) voting rights represented by the shares included in the trading portfolio of a credit institution or investment firm, provided that such voting rights do not exceed five per cent of all the voting rights represented by the shares issued by the issuer and that such voting rights are neither exercised nor used otherwise to interfere in the management of the issuer;
5) voting rights represented by the shares acquired by a credit institution or investment firm for the purpose of stabilisation within the meaning of Commission Regulation (EC) No 2273/2003, provided that such voting rights are neither exercised nor used otherwise to interfere in the management of the issuer;
6) shares which are given to or by the members of the European System of Central Banks in connection to performance of the functions of financial institutions, including to shares given to or by such members based on a pledge, repurchase or other such agreement for monetary policy purposes or internally within a payment system, provided that such agreements are short-term and the voting rights represented by such shares are not exercised.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(2) The maximum length of an ordinary short settlement cycle shall be the three trading days following the transaction.

(3) A credit institution or investment firm who wishes to use the exemption provided by clause (1) 3) of this section shall notify the Supervision Authority not later than within four trading days that such credit institution or investment firm is acting or intends to act as a market-maker with respect to a certain issuer. A credit institution or investment firm who finishes its activity as a market-maker with respect to a relevant issuer shall immediately inform the Supervision Authority thereof.

(4) The Supervision Authority shall promptly forward the information received based on subsection (3) of this section to the relevant supervision authority of the home Contracting State of the issuer.

(5) For determining the securities kept for market-making purposes, a market maker is not required to keep such securities in a separate account and is permitted to determine the relevant securities in any other verifiable manner.

(6) A parent company of a management company of a UCITS provided by the Investment Funds Act or a parent company of a management company of a UCITS of another Contracting State is not required to total the holdings specified in subsection 185 (1) of this Act with the holdings which the management company manages by itself, provided that the management company performs its voting rights independently from the parent undertaking. The first sentence of this subsection does not apply if the parent undertaking or a person controlled by the parent undertaking has invested in the holdings managed by the management company, and the management company is permitted to perform the voting rights represented by such holdings only based on the direct or indirect instructions of the parent undertaking or the undertaking controlled by the parent undertaking.

(7) A parent undertaking of Estonia or another Contracting State is not required to total the holdings specified in subsection 185 (1) of this Act with the holdings managed by such investment firm separately for each client within the meaning of subsection 43 (4) of this Act under the following conditions:
1) the investment firm has an authorisation for providing the service of managing securities portfolios;
2) the investment firm is permitted to perform the voting rights represented by such shares only in writing or based on directions given through electronic means, or the investment firm guarantees, while applying necessary and relevant measures, that the securities portfolio management service is provided separately from any other equivalent services related to the management of investment funds;
3) the investment firm performs its voting right independently from the parent undertaking.

(8) Subsection (7) of this section does not apply if the parent undertaking or an undertaking controlled by the parent undertaking has invested in the holdings managed by the investment firm, and the investment firm is permitted to perform the voting rights represented by such holdings only based on the direct or indirect instructions of the parent undertaking or the undertaking controlled by the parent undertaking.

(9) The exemption provided in subsections (6) or (7) of this section to total holdings with the holdings of the parent undertaking shall also apply to undertakings whose registered office is in a third country but who, if their registered office or principal place of business would be located in a Contracting State, would be required to hold an equivalent authorisation for providing the service of securities portfolio management or management of UCITS-s pursuant to the legislation of the European Community, provided that they comply with requirements for independence equivalent to the requirements for management companies or investment firms provided in subsections (6) or (7) of this section.

(10) In order to benefit from the exemption specified in subsections (6) or (7) of this section, the parent undertaking of a management company or investment firm must meet the following conditions:
1) the management company or investment firm shall not interfere with the performance of the voting rights belonging to the management company or investment firm by giving direct or indirect instructions or in any other manner;
2) the management company or investment firm must be able to perform the voting rights represented by its assets freely and independently from the parent undertaking.

(11) If a parent undertaking wishes to benefit from the exemption provided in subsections (6) or (7) of this section, the parent undertaking shall immediately submit the following information to the Supervision Authority:
1) the names of the management companies and investment firms and indicate, if possible, the supervisory authorities exercising supervision over them but refrain from setting forth the corresponding issuers;
2) a certificate or confirmation concerning the conformity of the parent undertaking to the conditions provided in subsection (10) of this section with respect to each specified management company or investment firm.

(12) A parent undertaking shall update the list specified in clause (11) 1) of this section as and when necessary.

(13) If a parent undertaking intends to use the exemption provided in subsections (6) and (7) of this section only with respect to the securities specified in clauses 10 (3) 9) and 9^{1}) of this Act, the parent undertaking shall submit to the Supervision Authority only the information provided for in clause (11) 1) of this section.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(14) For the purposes of clause (10) 1) of this section, direct instructions shall mean any instructions that the parent undertaking or an undertaking controlled by the parent undertaking may give the management company or investment firm upon each subsequent performance of the voting rights.

(15) For the purposes of clause (10) 1) of this section, indirect instructions shall mean general, subsequent or any other form of instructions given by the parent undertaking or an undertaking controlled by the parent undertaking which limit the performance of the voting right by the management company or investment firm within the extent determined by such instructions with the aim to serve certain business interests of the parent undertaking or the undertaking controlled by the parent undertaking.

(16) [Repealed - RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(17) [Repealed - RT I, 14.11.2015, 1 - entry into force 24.11.2015]

Subdivision 2
Information for owners of securities

[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 187^{2}. Information published in third countries

An issuer shall guarantee that information related to the issuer or securities issued thereby disclosed in third countries which may be of importance to the public of the European Economic Area is disclosed pursuant to the provisions of this Chapter even if such information is not regulated information.

[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

§ 187[3]. Changes of rights arising from securities

(1) An issuer shall promptly publish all changes which occur in the rights represented by different classes of securities, including changes in the rights represented by the options and futures issued by the issuer itself which grant the right to acquire or transfer the shares of such issuer.

(2) An issuer issuing other securities except shares shall promptly publish all changes which occur in the rights of the owners of such securities, including in the terms of the securities which may indirectly influence the rights of the owners of the securities.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 187[4]. Issue of debt obligations

[Repealed - RT I, 14.11.2015, 1 - entry into force 24.11.2015]

§ 187[5]. Event changing breakdown of voting rights

An issuer is required to promptly publish any changes in the total number of voting rights and the size of the capital.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 187[6]. Special requirements for issuers of securities

(1) An issuer of shares shall treat all shareholders equally under equal circumstances.

(2) An issuer of shares shall guarantee the correctness, accuracy and completeness of information and the accessibility in Estonia of all the possibilities and information needed by the shareholders for the performance of their rights. Shareholders shall be guaranteed a possibility to perform their rights by grant of authorisation insofar as, in doing so, the shareholders comply with the legislation of the country of origin of the issuer.

(3) An issuer of shares shall:
1) give information concerning the place, time and agenda of a general meeting and also concerning the total number of shares and voting rights and the rights of shareholders to participate in the general meeting;
2) make accessible the format for voting authorisation in written form or through electronic media together with the notice of a general meeting or, at the request of a person, after summoning the general meeting to every person who has the right to vote in a general meeting;
3) appoint a credit institution or financial institution to act as its paying agent through whom the shareholders can perform their proprietary rights;
4) publish or send notices concerning the division and payment of dividends and the issue of new shares and, among other, notify of any agreements and acts related to the division, subscription, cancelling or exchange of shares.

(4) An issuer of shares may forward information to shareholders by electronic means if all the following conditions are met:
1) the corresponding decision has been passed by the general meeting of shareholders;
2) the use of electronic means does not depend on the ability of the shareholder or the persons provided in subsection 10 (3) of this Act to access such means at their residence or registered office;
3) means of identification are used which guarantee the actual and effective transmission of data to shareholders and persons who have the right to perform voting rights or to give instructions for performing voting rights;
4) a written notice asking for consent for transmission of information by electronic means has been sent to shareholders or the persons provided in clauses 10 (3) 3)–5), 8) and 11) of this Act, whereas failure to respond to such notice within a reasonable period of time is deemed to be grant of consent. Regardless of whether or not consent is given, such persons may require the forwarding of information in written form in the future;
5) the issuer shall determine the division of the costs of forwarding of information through electronic means based on the requirement for equal treatment provided in subsection (1) of this section.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 187[7]. Special requirements for issuer of debt securities

(1) An issuer of debt securities shall treat all the owners of the debt securities granting the same rights in an equal manner with respect to the rights represented by the debt securities.

(2) An issuer of debt securities shall guarantee the correctness, accuracy and completeness of information and the accessibility to the public in Estonia of all the possibilities and information that the owners of the debt

securities need for the performance of their rights. Owners of debt securities shall be guaranteed a possibility to perform their rights by grant of authorisation insofar as, in doing so, the shareholders comply with the legislation of the country of origin of the issuer.

(3) An issuer of debt securities shall:
1) publish or send a notice concerning the place, time and agenda of a general meeting of the owners of debt securities, and concerning interest payments as well as the performance of rights of substitution, exchange, subscription or cancelling, any repayment, and concerning the corresponding participation rights of the owners of the debt securities;
2) make accessible the format for voting authorisation in written form, a format enabling written reproduction or by electronic means, together with the notice of a general meeting or, at the request of a person, after summoning the general meeting to every person who has the right to vote in a general meeting of the owners of debt securities;
3) appoint a credit institution or financial institution to act as its paying agent through whom the owners of debt securities can perform their proprietary rights.

(4) If only the owners of debt securities with the nominal value of at least 100,000 euros or owners of debt securities whose nominal value corresponded to 100,000 euros on the date of their issue are invited to participate in a general meeting of the owners of debt securities, then the issuer may organise the meeting in any Contracting State provided that the accessibility of all means and information necessary for the performance of the rights thereof is guaranteed in that Contracting State to the owners of the debt securities.
[RT I, 28.06.2012, 5 - entry into force 01.07.2012]

(4^1) The provisions of subsection (4) of this section shall also apply to the owners of such debt securities with the nominal value of at least 50,000 euros or corresponding to at least 50,000 euros on the date of their issue, who hold debt securities, which have been admitted to trading on the market before 31 December 2010. These debt securities shall not be repurchased and the owners of the debt securities shall be ensured the availability of all the means and information in this Contracting State, which is necessary for exercising these rights.
[RT I, 28.06.2012, 5 - entry into force 01.07.2012]

(5) An issuer may forward information to the owners of debt securities by electronic means if all the following conditions are met:
1) the corresponding decision has been passed by the general meeting of the owners of debt securities;
2) the use of electronic means does not depend on the ability of the owners of the debt securities or their representatives Act to access such means at their residence or registered office;
3) means of identification are used which guarantee the actual and effective transmission of data to the owners of debt securities;
4) a written notice asking for consent for transmission of information by electronic means has been sent to the owners of debt securities, whereas failure to respond to such notice within a reasonable period of time is deemed to be grant of consent. Regardless of whether or not consent is given, such persons may require the forwarding of information in written form in the future;
5) the issuer shall determine the division of the costs of forwarding of information through electronic means based on the requirement for equal treatment provided in subsection (1) of this section.

(6) Subsection (5) of this section also applies if, based on subsection (4) of this section, Estonia has been chosen as the place of a general meeting of the owners of debt securities.

(7) The provisions of this section do not apply to securities issued by the Republic of Estonia or an Estonian local government.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 188. [Repealed - RT I 2007, 58, 380 - entry into force 19.11.2007]

Chapter 21
PROHIBITION ON MARKET ABUSE

[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

Division 1
General Provisions

[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 188^1. Financial instrument

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 188[2]. Market abuse

For the purposes of this Act, market abuse means the activities specified in Articles 14 and 15 of Regulation (EU) No 596/2014 of the European Parliament and of the Council.
[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

§ 188[3]. Application of provisions regulating market abuse

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

Division 2
Misuse of Inside Information and Disclosure of Inside Information

[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 188[4]. Inside information

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 188[5]. Insider

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 188[6]. Prohibition on misuse of inside information

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 188[7]. Disclosure of inside information

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 188[8]. Delay in disclosure of inside information

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 188[9]. Disclosure of inside information upon leakage thereof

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 188[10]. Compensation for damage

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 188[11]. General obligations of issuer in connection with handling of inside information

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 188[12]. List of insiders

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 188[13]. Giving notification of transactions and disclosure

The Supervision Authority shall disclose the information with regard to transactions specified in Article 19(1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council on its website.
[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

§ 188[14]. Obligation to establish internal rules

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

Division 3
Market Manipulation and Prohibition on Market Manipulation

[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 188[15]. Market manipulation

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 188[16]. Accepted market practices

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 188[17]. Specifications for assessment of operations

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

Division 4
Requirements for Investment Recommendations

[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 188[18]. Investment recommendations

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 188[19]. Information concerning producer to be published in investment recommendation

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 188[20]. Obligations of producers

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 188[21]. Special requirements for producers

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 188[22]. General requirements for disclosure of interests and conflicts of interest

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 188[23]. Special requirements for disclosure of interests and conflicts of interest

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 188[24]. Special requirements for disclosure of interests and conflicts of interest of employees of investment firms and credit institutions

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 188[25]. Manner of disclosure of information

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 188[26]. General requirements for dissemination of investment recommendations

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 188[27]. Special requirements for dissemination of investment recommendations

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

Division 5
Obligation to submit information

[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 189. Submission of data

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 190. Provision of information by issuer

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 191. Use of information

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 192. Notification obligation of person providing investment services

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 193.–§ 201.[Repealed - RT I 2005, 13, 64 - entry into force 01.04.2005]

Division 6
Reporting Violations

[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

§ 201^{1}. Procedure for reporting violations

A professional securities market participant with regard to whom the provisions of Regulation (EU) No 596/2014 of the European Parliament and of the Council are applied shall establish for its employees the procedure for reporting violations provided for in the specified regulation. An investment firm, regulated market operator, data reporting services provider and a branch of a foreign investment firm shall establish the procedure specified in the first sentence of this subsection for reporting violations of an obligation provided for in Parts 3, 3^{1}and 4 of this Act.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 201^{2}. Relief from liability

The provisions of subsection 50^{3}(5) of the Financial Supervision Authority Act regarding the reporting of violations shall apply to submission of information to the Supervision Authority in the cases provided by Regulation (EU) No 596/2014 of the European Parliament and of the Council.
[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

Chapter 22
ARBITRAL TRIBUNAL

§ 202. Arbitral tribunal of market

(1) An arbitral tribunal of a market (hereinafter *arbitral tribunal*) is an arbitral tribunal formed by an operator of an Estonian market which resolves disputes arising from contractual and other civil law relations with respect to the market and the operator thereof.
[RT I, 19.03.2019, 8 - entry into force 01.04.2019]

(2) A market operator shall inform the Supervision Authority of whether it has a permanently operating arbitral tribunal. If an arbitral tribunal is operating, the market operator shall submit written information confirming the members of the arbitral tribunal and the compliance of its operations with law to the Supervision Authority.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(3) The Supervision Authority shall inform courts or other state agencies engaged in arranging the execution of court judgments of the lawful operation of an arbitral tribunal.
[RT I, 19.03.2019, 8 - entry into force 01.04.2019]

§ 203. Competence of arbitral tribunal

An arbitral tribunal shall resolve disputes on the basis of an action filed if:
1) the parties have entered into a written agreement to have the arbitral tribunal resolve a dispute which has already arisen or any dispute which may arise in the future;
2) consent to the arbitral tribunal resolving the dispute has been expressed by the plaintiff by filing the action and by the defendant by activities which reflect its readiness to subject itself voluntarily to the jurisdiction of the arbitral tribunal.

§ 204. Council of arbitral tribunal and arbitrators

(1) The council of an arbitral tribunal shall consist of up to six members. The council of an arbitral tribunal shall be appointed for up to two years in accordance with the rules and regulations of the arbitral tribunal.

(2) The principal duty of the council of an arbitral tribunal is to appoint and remove persons from the arbitral tribunal list and to maintain the list of arbitrators. The other rights and obligations of the council of an arbitral tribunal shall be prescribed in the rules and regulations of the arbitral tribunal.

(3) Members of the council of an arbitral tribunal shall have an academic degree in law. Arbitrators shall have an academic degree or education equivalent thereto.

(4) Arbitrators shall be independent in the performance of their duties.

§ 205. Rules and regulations of arbitral tribunal

The rules of procedure of the council of an arbitral tribunal and the procedure for forming an arbitral tribunal and for resolving disputes shall be regulated in the rules and regulations of the arbitral tribunal, which shall be approved by the relevant market operator.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 206. Dispute in arbitral tribunal

(1) Disputes shall be reviewed in an arbitral tribunal in accordance with its rules and regulations by one or several arbitrators chosen by the parties or appointed by the council of the arbitral tribunal.

(2) The review of disputes in an arbitral tribunal is free or subject to payment in accordance with the rules and regulations of the arbitral tribunal. The rate for payment and the procedure for payment shall be prescribed in the rules and regulations of the arbitral tribunal.

(3) In resolving a dispute, an arbitral tribunal shall proceed from the provisions of legislation and the rules and regulations of the market, as well as generally accepted business practices applicable to fair and equitable trading on the market and other generally accepted business practices.

§ 207. Securing action

(1) On the basis of an application from a party, an arbitral tribunal may secure an action, unless the parties have agreed otherwise. In order to secure the action, the arbitral tribunal may establish a measure for securing the action prescribed in the Code of Civil Procedure, except a measure for securing the action which restricts personal liberty. The arbitral tribunal may, in connection with securing the action, demand that both parties provide a reasonable security.

(2) A decision to secure an action determined on the basis of subsection (1) of this section shall be enforced pursuant to a ruling of a county court. The county court shall make the ruling on the basis of a petition of a party in proceedings on petition and allow enforcement of the decision on securing the action only if the same measure for securing the action has not been requested from the court already. The county court may reword the ruling on securing the action if this is necessary in order to apply a measure for securing the action.

(3) A county court may annul or amend a ruling on the securing of an action on the basis of an application.

(4) If it becomes evident that securing an action in arbitral proceedings was not justified, a party which applied for securing the action shall compensate the opposing party for the damage caused to the party due to securing the action or a security provided in order to prevent application of a measure for securing the action.
[RT I 2005, 39, 308 - entry into force 01.01.2006]

§ 208. Co-operation with county courts

An arbitral tribunal may request the assistance of a county court in attestation procedures or in other court activities which do not fall within the competence of the arbitral tribunal. The court shall process the application pursuant to the procedural provisions regulating attestation procedures or other court activities.
[RT I 2005, 39, 308 - entry into force 01.01.2006]

§ 209. Annulment of decision of arbitral tribunal

An interested party may demand that a decision of an arbitral tribunal be annulled on the basis and pursuant to the procedure provided for in the Code of Civil Procedure.
[RT I 2005, 39, 308 - entry into force 01.01.2006]

§ 210. [Repealed - RT I 2005, 39, 308 - entry into force 01.01.2006]

§ 211. Termination of arbitral tribunal

The Supervision Authority has the right to issue a precept to a market operator to terminate the activities of an arbitral tribunal if the activities of the arbitral tribunal endanger the regular operation of the market or the smooth operations of state agencies engaged in arranging the execution of court judgments.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

Chapter 22[1]
REQUIREMENTS FOR ENGAGEMENT OF INVESTORS AND DISCLOSURE OF RELEVANT INFORMATION

[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 211[1]. Application of Chapter

(1) This Chapter shall apply to a management company of a UCITS, a management company of an alternative fund and an investment firm providing securities portfolio management services (hereinafter jointly in this Chapter *asset manager*) to the extent that they invest in the shares of an issuer of shares on behalf of an investor.

(2) This Chapter shall apply to a life insurance undertaking and an occupational pension fund (hereinafter jointly in this Chapter *institutional investor*) to the extent that they invest directly or through an asset manager in shares of an issuer of shares.

(3) This Chapter shall apply to a credit institution, the central securities depository and an investment firm providing securities portfolio management services to the extent that they provide services to shareholders of an issuer of shares registered in Estonia and that the securities of the issuer of shares are traded on a regulated market in Estonia.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 211[2]. Disclosure of engagement policy

(1) Asset managers and institutional investors shall publicly disclose on their website an engagement policy that describes how they integrate the application of rights of shareholders in the investment strategy of asset managers and institutional investors when investing in investee companies (hereinafter in this Chapter *target issuer*).

(2) The engagement policy shall set out at least the following information:
1) the description how asset managers and institutional investors monitor target issuers on relevant matters, including strategy, financial and non-financial performance and risks, capital structure, social and environmental impact and corporate governance of the target issuers;
2) the principles of communication with target issuers and relevant stakeholders;
3) the exercise of voting rights of target issuers and other rights attached to shares;
4) the principles of cooperation with shareholders;
5) the manners of prevention or management of actual and potential conflicts of interests related to the target issuers.

(3) Asset managers and institutional investors shall publicly disclose on their website, on an annual basis and free of charge, an overview of the implementation of their engagement policy, including a general description of voting behaviour, an explanation of the most significant votes and an overview of the use of the services of proxy advisors.

(4) An overview of the implementation of the engagement policy shall also disclose how asset managers and institutional investors have cast votes at the general meetings of target issuers in which they hold shares. Such disclosure may exclude votes that are insignificant due to the subject matter of the vote or the size of the holding in the target issuer.

(5) Where an asset manager implements the engagement policy, including votes at the general meeting on behalf of an institutional investor, the institutional investor shall disclose on their website a reference to the asset manager's website where such voting information has been published.

(6) Where an asset manager or institutional investor fails to comply with any of the requirements specified in subsections (1)–(4) of this section, they shall disclose a reason for this on their website.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 211[3]. Disclosure of investment arrangement

(1) An institutional investor shall publicly disclose on their website how their strategy of investing in equity securities is consistent with the risk profile and duration of the liabilities of the institutional investor and how the investment strategy contributes to the performance of their assets in the medium term. This information must be annually updated.

(2) Where an asset manager invests on behalf of an institutional investor on the basis of an authorisation, providing the portfolio management service or investing through an investment fund, the institutional investor shall disclose the following updated information about the arrangement with the asset manager (hereinafter in this section *investment arrangement*) on their website:
1) how the investment arrangement incentivises the asset manager to align their investment strategy and decisions with the profile and duration of the liabilities of the institutional investor, including long-term liabilities;
2) how the investment arrangement incentivises the asset manager to make investment decisions based on assessments about medium to long-term financial and non-financial performance of the target issuer and to cooperate with target issuers in order to improve the performance of the target issuer in the medium to long-term;
3) how the method and time horizon of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the profile and duration of the liabilities of the institutional investor, including long-term liabilities, and how absolute long-term performance is taken into account;
4) how the institutional investor monitors portfolio turnover costs incurred by the asset manager and how they define and monitor a targeted portfolio turnover or turnover range;
5) the duration of the investment arrangement.

(3) Where an investment arrangement does not contain any of the circumstances specified in subsection (2) of this section, an institutional investor shall give, on its website, a clear and reasoned explanation why this is the case.

(4) A life insurance undertaking may disclose the information set out in this section in the report specified in subsection 123 (1) of the Insurance Activities Act.

(5) An institutional investor must keep the information specified in subsection (2) of this section up to date.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 211[4]. Provision of information about implementation of investment strategy

(1) An asset manager shall disclose, on an annual basis, to the institutional investor an overview of how the arrangement entered into complies with the investment strategy of the asset manager and how the investment strategy contributes to the medium to long-term performance of the assets of the investment fund or institutional investor. Where such information is publicly available, the asset manager is not required to disclose the overview to the institutional investor.

(2) The overview specified in subsection (1) of this section shall include at least the following information:
1) an overview of the key material medium to long-term risks associated with the investments, portfolio composition and turnover;
2) an overview of the use of proxy advisors specified in subsection 211[6](1) of this Act for the purpose of engagement activities;
3) an overview of the principles of securities lending of the target issuer and how securities lending is reflected at the general meeting of the target issuer and in other engagement activities if applicable;
4) whether and, if so, how the asset manager makes investment decisions based on evaluation of medium to long-term performance of the target issuer, including non-financial performance;
5) whether and, if so, which conflicts of interests have arisen in connection with engagements activities and how the asset manager has dealt with them.

(3) An investment firm providing securities portfolio management services may disclose the information set out in this section in the report specified in subsection 89[1](3) of this Act.

(4) A management company may disclose the information set out in this section in the annual accounts or annual report of the fund.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 211[5]. Disclosure of service charges of shareholders and issuers

(1) A credit institution, the central securities depository and an investment firm providing securities portfolio management services (hereinafter jointly in this Chapter *intermediary*) shall disclose the service charges levied for the provision of each of the following services on their website separately for each service:
1) transmission of information about the shareholders of the issuer of shares to the issuer of shares or a third party appointed by the latter;
2) transmission of information from the issuer of shares or a third party appointed by the latter to the shareholders of the issuer of shares for the purpose of providing the shareholders with the possibility to participate in and vote at the general meeting and exercise other shareholders' rights;
3) providing a shareholder or a third party appointed by the latter with the possibility to participate in and vote at the general meeting of the issuer of shares;
4) representation of the shareholder at the general meeting as an intermediary upon the explicit authorisation and instruction of the shareholder.

(2) Any service charges levied by an intermediary shall be non-discriminatory and proportionate in relation to the actual costs incurred for delivering the services. Any differences between the service charges levied on a cross-border basis and on a domestic basis shall be based on actual costs and be duly justified.

(3) The requirements specified in this section also apply to intermediaries of third countries if they provide services to shareholders of the issuer of shares registered in Estonia and the securities of the issuer of shares are traded on a regulated market providing services in Estonia.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 211[6]. Obligation of proxy advisors to disclose information

(1) A proxy advisor shall disclose on their website a code of conduct which they apply in their activities. Where the proxy advisor does not apply the code of conduct or applies part of the code of conduct, they shall provide reasons for failure to apply or partial application of the code of conduct on their website. The proxy advisor shall update this information at least on an annual basis.

(2) A proxy advisor means a legal person that analyses, on a professional and commercial basis, the information disclosed by issuers and, where relevant, other information of issuers of securities admitted to trading on a regulated market with a view to informing investors' voting decisions.

(3) In order to provide better services to their clients, a proxy advisor shall publicly disclose on their website on an annual basis at least the following information in relation to their research, advice and voting recommendations:
1) the description of the methodologies and models they apply;
2) the main information sources they use;
3) the procedures put in place to ensure the research, advice and voting recommendations of good quality and qualifications of the staff involved;
4) whether and, if so, how they take national legal, regulatory, company-specific and market conditions into account;
5) the essential features of the voting policies they apply for each market;
6) whether and, if so, how they have dialogues with the companies or with the stakeholders of the company which are the object of their research, advice or voting recommendations;
7) the policy regarding the prevention and management of actual and potential conflicts of interests.

(4) The information specified in subsection (3) of this section shall remain publicly available on the website of the proxy advisor free of charge for at least three years from the date of publication. The information does not need to be disclosed separately where it is available as part of the disclosure under subsection (2) of this section.

(5) A proxy advisor shall identify and disclose without delay to their clients any actual or potential conflicts of interests or business relationships that may influence the preparation of their research, advice or voting recommendations and the actions they have undertaken to eliminate, mitigate, prevent or manage the actual or potential conflicts of interests.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

Part 5
SETTLEMENT

Chapter 23

SETTLEMENT OF OBLIGATIONS ARISING FROM SECURITIES TRANSACTIONS

§ 212. Application of this Part

(1) This Part shall apply to the performance of obligations arising from securities transactions through the securities settlement system or interoperable securities settlement systems (hereinafter *linked system*), and to transactions used to guarantee the performance of obligations related to participation in the securities settlement system or linked system.
[RT I, 29.06.2011, 1 - entry into force 30.06.2011]

(2) The provisions of this Part shall not apply to register acts, except transfers of securities, carried out on the basis of the Securities Register Maintenance Act by the registrar of the Estonian Register of Securities.
[RT I, 26.06.2017, 1 - entry into force 06.07.2017]

§ 213. Securities settlement system

(1) A securities settlement system (hereinafter in this Part *system*) is a pool of administrative, technical and legal solutions formed for the purpose of performing obligations arising from securities transactions and guaranteeing performance of obligations related to participation in the system on the basis of an agreement entered into between three or more members of the system and the system operator.

(2) For the purposes of this Act, payment orders for the performance of obligations arising from securities transactions or instructions given for the transfer of securities are treated as transfer orders.

§ 213[1]. Linked system

(1) Linked system for the purposes of this Act is two or more systems, which operators have agreed on executing transfer orders between the systems comprised by such linked system on uniform conditions and using uniform procedures. If the system operator, while participating in the linked system, has provided a security to another system operator, the initiation of bankruptcy proceedings against the system operator who has received the security shall not affect the rights to the security of the system operator who has provided the security.
[RT I, 26.04.2013, 2 - entry into force 06.05.2013]

(2) The operator of a system participating in the linked system shall determine in its own system rules the moment of entry of transfer order into the system and the moment of irretrievability from the system to ensure coordination with the rules of other interoperable systems.

(3) The Supervision Authority shall inspect the compliance between the moments of entry of transfer order into the system and the moment of irretrievability from the system that are specified in the system rules of all the interoperable systems participating in the linked system.
[RT I, 29.06.2011, 1 - entry into force 30.06.2011]

§ 214. System operator

(1) A system operator is a person who, in accordance with the provisions of the system rules and contracts entered into on the basis thereof, arranges for the execution of transfer orders and, depending on the arrangement of the system, also organises the settlement of claims between members of the system.

(2) The following may act as a system operator:
1) Eesti Pank;
2) the central securities depository.
[RT I, 26.06.2017, 1 - entry into force 06.07.2017]

(3) Each system shall have only one system operator.

(4) The central securities depository shall notify the Supervision Authority of the system governed by Estonian law. The system rules shall be added to the notice.
[RT I, 26.06.2017, 1 - entry into force 06.07.2017]

(5) The Supervision Authority shall maintain a list of systems governed by Estonian law and submit with regard to each system entered in the list a notice required pursuant to Directive 98/26/EC of the European Parliament and of the Council on settlement finality in payment and securities settlement systems (OJ L 166, 11.06.1998, p. 45–50).
[RT I, 26.06.2017, 1 - entry into force 06.07.2017]

§ 215. Requirements for system operator

[Repealed - RT I, 26.06.2017, 1 - entry into force 06.07.2017]

§ 216. Activities of system operator

[Repealed - RT I, 26.06.2017, 1 - entry into force 06.07.2017]

§ 217. Authorisation of system operator

[Repealed - RT I, 26.06.2017, 1 - entry into force 06.07.2017]

§ 218. Application for authorisation

[Repealed - RT I, 26.06.2017, 1 - entry into force 06.07.2017]

§ 219. Refusal to grant authorisation

[Repealed - RT I, 26.06.2017, 1 - entry into force 06.07.2017]

§ 220. Revocation of authorisation

[Repealed - RT I, 26.06.2017, 1 - entry into force 06.07.2017]

§ 221. Member of system

[Repealed - RT I, 26.06.2017, 1 - entry into force 06.07.2017]

§ 222. System rules

[Repealed - RT I, 26.06.2017, 1 - entry into force 06.07.2017]

§ 223. Approval of system rules

[Repealed - RT I, 26.06.2017, 1 - entry into force 06.07.2017]

§ 224. Finality of transfer order

(1) A transfer order forwarded to the system operator in accordance with the system rules may not be withdrawn or amended as of the moment prescribed by the system rules. Acts performed after this moment with the aim of amending or cancelling a transfer order already made are void.

(2) The withdrawal of a transfer order in bankruptcy proceedings shall not result in the invalidity of settlements performed by the system operator.

§ 225. Settlement

Within the system, claims and obligations between the members of the system and between the members of the system and the system operator may be settled and performed by means of the settlement of accounts. In this event, settlement is carried out by executing the aggregate claims or total claims (net claim) and the aggregate obligations or total obligations (net obligation) resulting from setting off claims of the same type against obligations of the same type. Upon settlement of claims, the aggregate claim calculated on the basis of the system rules is deemed to be one claim valid with respect to the relevant person, its creditors and third parties.

§ 226. Collateral instruments of system

(1) If the system operator has assumed the obligation to organise performance of the obligations related to participation in the system, the system operator is required to establish a fund of collateral instruments (hereinafter if this Part *guarantee fund*) or implement other relevant measures which ensure that performance of the obligations related to participation in the system is sufficiently secured to the extent prescribed in the system rules.

(2) Assets of the guarantee fund may comprise any liquid assets, including a financial collateral provided for in § 314^1 of the Law of Property Act.
[RT I, 29.06.2011, 1 - entry into force 30.06.2011]

§ 227. Collateral security

[Repealed - RT I, 29.06.2011, 1 - entry into force 30.06.2011]

§ 228. Special rules upon bankruptcy of member of system and linked system

(1) In the event bankruptcy proceedings are initiated with respect to a member of the system or linked system, and moratorium is established with respect to a member of the system or linked system which is a credit institution, the system or linked system operator shall immediately stop accepting transfer orders given by the member of the system or linked system pursuant to the procedure prescribed in system or linked system rules.

(2) The initiation of bankruptcy proceedings or implementation of the resolution tools or powers provided for in the Financial Crisis Prevention and Resolution Act against a member of the system or linked system or a third party that provided a collateral to a member of the linked system, and the establishment of a moratorium with respect to a member of the system or linked system which is a credit institution does not suspend the execution of transfer orders forwarded by the relevant member of the system or linked system in accordance with the system or linked system rules to the system or linked system operator prior to the initiation of bankruptcy proceedings, implementation of the resolution tools or powers or establishment of a moratorium. Obligations undertaken by participating in the system or linked system prior to the initiation of bankruptcy proceedings, implementation of the resolution tools or powers or prior to the establishment of a moratorium shall be performed on account of the collateral established by the member of the system or linked system and the system or linked system guarantee fund.
[RT I, 19.03.2015, 3 - entry into force 29.03.2015]

(3) Transfer orders forwarded to the system or linked system operator and executed in accordance with the system or linked system rules on the working day of the initiation of bankruptcy proceedings or implementation of the resolution tools or powers against a member of the system or linked system or establishment of a moratorium with respect to a member of the system or linked system which is a credit institution shall be valid only in the event the system or linked system operator was not and did not have to be aware of the initiation of the bankruptcy proceedings, implementation of the resolution tools or powers or the establishment of the moratorium.
[RT I, 19.03.2015, 3 - entry into force 29.03.2015]

(4) In the event of the bankruptcy of a member of the system or linked system, assets excluded from the ownership of the member of the system or linked system as a result of executing a transfer order specified in subsection (2) of this section shall not be included in the bankruptcy estate thereof.

(5) In the event of the bankruptcy of a member of the system or linked system, payments made into the guarantee fund of the system or linked system in accordance with the system or linked system rules shall not be included in the bankruptcy estate thereof in the amount which is necessary for executing the transfer orders of a member of the system or linked system received prior to the initiation of the bankruptcy proceedings.

(6) A member of the system or linked system shall immediately notify the system or linked system operator and the Supervision Authority of the initiation and termination of bankruptcy proceedings against it or if it is declared bankrupt or a moratorium is established with respect to it. The same obligation also rests with the interim trustee in bankruptcy, the trustee in bankruptcy or the moratorium administrator with respect to a member of the system or linked system.

(7) The working day of a system or linked system shall comprise the day and night settlement services of the system or linked system and include all events taking place during this regular activity cycle.

(8) The initiation of bankruptcy proceedings specified in this section and § 229 of this Act shall denote the appointment of an interim trustee by the court pursuant to § 15 of the Bankruptcy Act.
[RT I, 29.06.2011, 1 - entry into force 30.06.2011]

§ 229. Special rules upon bankruptcy of system and linked system operator

(1) Upon the initiation of bankruptcy proceedings against a system or linked system operator, the system or linked system operator shall immediately stop accepting transfer orders from the members of the system or linked system.

(2) Upon the initiation of bankruptcy proceedings with respect to a system or linked system operator, all earlier transfer orders given to the system or linked system operator shall be subject to execution.

(3) Upon the bankruptcy of a system or linked system operator, the assets given by the members of the system or linked system to the system or linked system operator to execute transfer orders or to ensure the execution thereof shall not be included in the bankruptcy estate of the system or linked system operator.

(4) A system or linked system operator shall immediately notify the Supervision Authority of the initiation and termination of bankruptcy proceedings against it or if it is declared bankrupt. The same obligation also rests with the interim trustee in bankruptcy or the trustee in bankruptcy with respect to a system or linked system operator.
[RT I, 29.06.2011, 1 - entry into force 30.06.2011]

Part 6

SUPERVISION AND LIABILITY

Chapter 24
SUPERVISION

§ 230. Rights and duties of Supervision Authority in exercising supervision

[RT I 2007, 58, 380 - entry into force 19.11.2007]

(1) The Supervision Authority has all the rights established in this Act and in the Financial Supervision Authority Act in exercising supervision over due compliance with the provisions of this Act and legislation established on the basis thereof. In exercising the supervision, the Supervision Authority has the aforementioned rights, *inter alia*, also over due compliance with the provisions of the following European Union legislation and legislation established on the basis thereof:
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
1) Regulation (EU) No 236/2012 of the European Parliament and of the Council on short selling and certain aspects of credit default swaps (OJ L 86, 24.03.2012, p. 1–24);
2) Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories (OJ L 201, 27.07.2012, p. 1–59);
3) Regulation (EU) No 462/2013 of the European Parliament and of the Council amending Regulation (EC) No 1060/2009 on credit rating agencies (OJ L 146, 21.05.2013, p. 1–33).
[RT I, 19.03.2015, 3 - entry into force 29.03.2015]
4) Regulation (EU) No 1286/2014 of the European Parliament and of the Council;
[RT I, 22.02.2017, 1 - entry into force 01.01.2018]
5) Regulation (EU) No 596/2014 of the European Parliament and of the Council;
6) Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.06.2014, p. 84–148).
[RT I, 07.04.2017, 2 - entry into force 03.01.2018]
7) Regulation (EU) 2015/2365 of the European Parliament and of the Council on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (OJ L 337, 23.12.2015, p. 1–34).
[RT I, 26.06.2017, 1 - entry into force 06.07.2017]
8) Regulation (EU) 2016/1011 of the European Parliament and of the Council on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.06.2016, p. 1–65);
[RT I, 26.06.2017, 1 - entry into force 06.07.2017]
9) Regulation (EU) No 575/2013 of the European Parliament and of the Council.
[RT I, 10.01.2019, 1 - entry into force 20.01.2019]
10) Regulation (EU) 2017/2402 of the European Parliament and of the Council laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (OJ L 347, 28.12.2017, p. 35–80);
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]
11) Regulation (EU) 2017/1129 of the European Parliament and of the Council.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

(2) The Supervision Authority has the right to exercise supervision over companies belonging to the same group as a professional securities market participant to the extent necessary for inspection of the professional securities market participant.

(3) In order to prevent, detect and reduce market abuse, failure to give notification or incorrect notification of acquisition or transfer of qualifying holding on the market and illegal takeover bid, the Supervision Authority is required to monitor making of offers regarding financial instruments and conclusion of transactions with financial instruments and other acts in connection with possible market abuse, acquisition and transfer of direct or indirect holding in the issuer of securities admitted to trading on the regulated market and with control. Monitoring may be covert.

(4) In the interests of the actual, effective and uniform accessibility of information in all the Contraction States, the Supervision Authority shall monitor the forwarding and publication of information by the issuers specified in subsection 184 (1) of this Act, the shareholders of such issuers and the persons who are deemed to be the owners of the voting rights arising from the issuers' shares pursuant to subsection 10 (3) of this Act. The Supervision Authority has the right to make public any failure by such persons to perform their duties.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(4[1]) The Supervision Authority shall disclose on its website a decision or an administrative act made in a misdemeanour matter in connection with violation of the obligation provided for in Parts 3, 3[1]and 4 of this Act, Regulations (EU) No 600/2014, (EU) No 596/2014, (EU) No 1286/2014, (EU) 2017/1129, (EU) 2017/2402 of the European Parliament and of the Council, and Regulation (EU) 2016/1011 of the European Parliament and of the Council on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1–65) immediately after the communication thereof. The Supervision Authority shall specify at least the information on the type and nature of the violation, the details of the person responsible for the violation, which include, with regard to legal persons, the business name and the registry code, if applicable, and, with regard to natural persons, the given name and surname, and personal identification code or date of birth in the absence thereof, and the information on challenging or revocation of the decision or administrative act. The Supervision Authority shall ensure that the entire information specified in this subsection is publicly available on its website for at least five years, unless otherwise provided by law.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

(4[2]) Having assessed the circumstances, the Supervision Authority shall be entitled to postpone the disclosure of a decision or an administrative act made in a misdemeanour matter or not to disclose the identity of the violator in the cases provided by law to ensure the personal data protection, until at least one of the following conditions is met:
[RT I, 07.04.2017, 2 - entry into force 17.04.2017]
1) the disclosure of the person responsible for the violation is disproportionate compared to the sanction or any other measure imposed;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
2) the disclosure of a decision or administrative act made in a misdemeanour matter or the identity of the violator would seriously jeopardise the stability of the financial system or ongoing supervision proceedings;
3) the disclosure of a decision or administrative act made in a misdemeanour matter or the identity of the violator would cause disproportionate and serious damage to the persons involved.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(4[3]) The Supervision Authority shall be entitled not to disclose a decision or an administrative act made in a misdemeanour matter if, in its opinion, none of the ways specified in subsection (4[2]) of this section make it possible to avoid jeopardising the stability of the financial system or achieve the proportionality of the disclosure of a decision or an administrative act made in a misdemeanour matter upon implementation of negligible measures.
[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

(5) The Supervision Authority shall constantly monitor and assess whether the rules, procedures, strategies, organisation and reporting systems of management, and internal control systems applied in investment firms ensure reliable control of risks and sufficient coverage by own funds of the risks assumed. Such assessment is given at least once a year.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(6) The Supervision Authority shall keep under regular review the compliance of investment firms, regulated market operators and data reporting services providers with the provisions of subsection 48 (4) of this Act. The Supervisory Board is required to, taking account of its duties and possibilities, plan, where possible, supervisory procedures (supervisory plan) for at least one year beforehand with regard to the persons specified in the first sentence of this subsection and the subsidiaries and branches thereof located in another Contracting State if this is appropriate and proportionate, considering the nature, scale and complexity of the activities of the persons.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 230[1]. Supervision over investment firm

(1) The supervision activities of the Supervision Authority cover:
1) all investment firms whose registered office is in Estonia (hereinafter *Estonian investment firm*);
[RT I 2007, 58, 380 - entry into force 19.11.2007]
2) the subsidiaries, branches and representative offices of Estonian investment firms in foreign states if they are not supervised by foreign securities market supervisory agencies or if correspondingly agreed with a foreign securities market supervisory agency;
3) the subsidiaries, branches and representative offices of foreign investment firms in Estonia unless otherwise agreed with the securities market supervisory agency of the corresponding foreign state;
4) companies belonging to the same consolidation group as an investment firm.

(2) The Supervision Authority shall exercise supervision on a consolidated basis if:
1) an Estonian investment firm is a parent company;
2) the parent company of investment firms registered in Estonia or other Contracting States is a financial holding company registered in Estonia within the meaning of this Act or the Credit Institutions Act.

(3) If none of the subsidiary investment firms are located in the Contracting State where the parent undertaking of the consolidation group is located, supervision on a consolidated basis shall be exercised by the securities market supervisory agency of the Contracting State which authorised the subsidiary investment firm with

the greatest balance sheet total unless otherwise agreed with the securities market supervisory agency of that Contracting State.

(4) If no securities market supervisory agency of a Contracting State exercises consolidated financial supervision over the consolidation group of an investment firm whose parent company is a third country investment firm and if, in the joint opinion of the Supervision Authority and other securities market supervisory agencies of relevant Contracting States, the supervision exercised over the consolidation group by the securities market supervisory agency of the third country is not equivalent to consolidated supervision conforming to the requirements established by EU legislation, financial supervision over the consolidation group of the investment firm shall be exercised by the Supervision Authority or the securities market supervisory agency of another relevant Contracting State under an agreement between them. The European Securities and Markets Authority shall be consulted when giving the joint opinion.
[RT I, 29.03.2012, 1 - entry into force 30.03.2012]

(5) If the provisions of subsection (4) of this section cannot be applied, the Supervision Authority has the right, under an agreement with other relevant securities market supervisory agency, to take other measures to ensure that the supervision exercised over the activities of an investment firm belonging to a consolidation group would be at an equivalent level with consolidation supervision conforming to the requirements established by EU legislation.

(6) The Supervision Authority shall inform other relevant securities market supervisory agencies, the European Commission and the European Securities and Markets Authority of the means used pursuant to subsection (5) of this section.
[RT I, 29.03.2012, 1 - entry into force 30.03.2012]

(7) The supervision activities of the Supervision Authority cover monitoring the liquidity and reporting of a branch of an investment firm of a Contracting State in co-operation with the securities market supervisory agency of the home country of the investment firm.

(8) If an investment firm is part of a financial conglomerate within the meaning of § 110^1 of the Credit Institutions Act, supplementary supervision over the investment firm as a unit of a financial conglomerate shall be exercised pursuant to the provisions of Chapter 9^1 of the Credit Institutions Act.
[RT I, 12.07.2013, 2 - entry into force 22.07.2013]

(9) If the parent undertaking of an investment firm is a financial holding company or a mixed-activity holding company for the purposes of point (20) or (21) of Article 4(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council, supervision on a consolidated basis over the investment firm as an undertaking belonging to the consolidation group of a credit institution shall be exercised pursuant to the provisions of § 97 of the Credit Institutions Act.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

§ 230^2. Supervision over market operator

The supervision activities of the Financial Supervision cover:
1) all market operators whose registered office is in Estonia (hereinafter *Estonian market operators*);
2) subsidiaries of Estonian market operators located in foreign states through the operator, unless otherwise agreed upon by the securities market supervisory agency of the foreign states;
3) provision of cross-border services by market operators of Contracting States to the extent provided by this Act.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 230^3. Rights of Supervision Authority in obtaining information

(1) In order to exercise supervision, the Supervision Authority has the right to obtain information, documents and explanations from any natural or legal person and from government agencies, supervisory bodies and state and local government databases free of charge.

(2) In addition to the provisions of subsection (1) of this section, the Supervision Authority has the right to make an inquiry in the case provided for in subsection 230 (3) of this Act to obtain the information provided for in subsections 111^1(2) and (3) of the Electronic Communications Act.
[RT I, 29.06.2012, 2 - entry into force 01.01.2013]

(3) In order to exercise supervision, the Supervision Authority shall be entitled to directly and promptly obtain information from a credit institution and the registrar of the Estonian Register of Securities regarding the turnover and balance of the bank account and securities account of a professional securities market participant, issuer, investor and insider. Upon the existence of justified doubt of a violation of law, the Supervision Authority shall be entitled to file a motivated petition with a court for restriction of the use of such accounts.

[RT I, 26.06.2017, 1 - entry into force 06.07.2017]

(4) The Supervision Authority has the right to submit an inquiry for information directly to a remote participant of a Contracting State in a market regulated by an Estonian market operator, and inform the securities market supervision agency of the Contracting State of such request for information.

(5) If necessary, the Supervision Authority may require that a person appear at the offices of the Supervision Authority at the time designated by the Supervision Authority in order to provide explanations.

(6) The persons specified in the first sentence of subsection (3) of this section have no right to forward information concerning the Supervision Authority's inquiry provided in subsection (3) of this section to their clients or the persons whom the inquiry concerns.

(7) At the request of a securities market supervision agency of a Contracting State, a person registered in Estonia who is a remote participant in a market regulated by a market operator of a Contracting State is required to provide information to the market supervision agency of that Contracting State if the agency has notified the Supervision Authority thereof.

(8) If necessary, the Supervision Authority may issue an order whereby the Authority designates a term for the performance of obligations provided for in subsections (1), (3) or (5) of this section.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 231. Obtaining information and suspension of use of accounts

(1) [Repealed - RT I, 29.06.2012, 2 - entry into force 01.01.2013]

(2) The order to make the inquiries provided in subsection 230^3(2) of this Act must be given by a member of the management board of the Supervision Authority pursuant to subsection 22^1(1) of the Financial Supervision Authority Act.

(3) The Supervision Authority need not submit the first inquiry for the information provided in subsections 230^3(1)–(3) of this Act to the initial source of such information.

(4) A court shall decide on the grant of a permission to make the inquiries provided in subsection 230^3(2) of this Act pursuant to the provisions of the Code of Administrative Court Procedure concerning granting a permission for administrative measures.
[RT I, 23.02.2012, 3 - entry into force 01.01.2012]

(5) Upon receiving the petition specified in subsection 230^3(3) of this Act, the court shall review the petition within one working day after its receipt and rule on the seizure of the accounts.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 231^1. Grounds for refusal to provide explanations

A person obligated to provide explanation may refuse to provide explanations to the Supervision Authority on the bases provided for in §§ 71 and 73 of the Code of Criminal Procedure.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 231^2. Long-distance hearing of participant in proceedings and witness

(1) The Supervision Authority may organise long-distance hearing of a participant in proceedings and a witness if the direct hearing is complicated or involves excessive costs. Evidence obtained upon long-distance hearing is deemed to be equivalent to other evidence.

(2) For the purposes of this Act, long-distance hearing means hearing:
1) by means of a technical solution in the case of which the employees of the Supervision Authority see and hear the participant in proceedings providing explanations or the witness giving testimony outside the Supervision Authority directly via live coverage and may question the participant in proceedings or the witness;
2) by telephone in the case of which the employees of the Supervision Authority hear the participant in proceedings providing explanations or the witness giving testimony outside the Supervision Authority directly and may question the participant in proceedings or the witness.

(3) Long-distance hearing by telephone is permitted only with the consent of the participant in proceedings or witness.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 231^3. Rights and obligations of participant in proceedings in supervision proceedings

(1) If necessary, the Supervision Authority shall explain the rights and obligations of a participant in proceedings in supervision proceedings to the participant in proceedings.

(2) Participants in proceedings have the right to access information concerning themselves which is collected by the Supervision Authority and to copy or make extracts of such information. The Supervision Authority has the right to refuse to submit information if this damages or may damage the legitimate interests of a third party or access to the information hinders or may hinder attainment of the objectives of supervision or may hinder the truth from being ascertained in criminal proceedings.

(3) In supervision proceedings, a participant in proceedings has the right to submit questions to witnesses through the Supervision Authority. The Supervision Authority has the right to refuse to forward questions to witnesses with good reason.

(4) If a participant in administrative proceedings fails to appear upon a summons without a legal impediment, the Supervision Authority may impose the following measures:
1) impose penalty payment to the participant in proceedings;
2) apply compelled attendance by a police escort.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 231[4]. Evidence obtained from foreign states

Evidence collected in a foreign state pursuant to the legislation of such state may be used in an administrative proceeding conducted pursuant to this Act unless the procedural acts performed in order to obtain the evidence are in conflict with the principles of administrative procedure provided for in this Act and the Administrative Procedure Act.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 231[5]. Restriction on use and disposal of assets

(1) The Supervision Authority may, upon a suspicion of market abuse, establish, by its precept, a prohibition on the use or disposal of assets or a restriction to ensure the preservation of assets for up to ten working days as of entry of the precept.
[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

(2) During a restriction on the use of an account, credit and financial institutions do not execute orders to use or dispose of the assets in the account, which are made by the account holder to whom the prohibition or restriction communicated by the Supervision Authority is addressed or by a third party.

(3) The Supervision Authority shall release assets from the prohibition or restriction specified in subsection (1) of this section after the expiry of the term specified in the same subsection. If the suspicion of market abuse ceases to exist before expiry of the term specified in subsection (1) of this section, the Supervision Authority is required to release the assets immediately.
[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

(4) The use or disposal of assets may be prohibited or restricted for a period which is longer than that set out in subsection (1) of this section only if criminal proceedings have been commenced in the matter. If criminal proceedings have been commenced in the matter, prohibitions and restrictions shall be made and assets shall be released pursuant to the procedure provided by the Acts regulating criminal procedure.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 231[6]. Right of Supervision Authority to disclose information and give warnings

[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

(1) The Supervision Authority shall be entitled to disclose information, the obligation of which disclosure arises from a legal instrument, if such information has not properly been disclosed or if false or misleading information has been disclosed.
[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

(2) The Supervision Authority shall be entitled to warn the public about the violation of an obligation provided by Regulation (EU) No 596/2014 of the European Parliament and of the Council and Parts 3, 3[1] and 4 of this Act, specifying the person responsible for the violation and type of violation.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 232. On-site inspection

(1) In order to exercise supervision, the Supervision Authority has the right to carry out on-site inspection of a professional securities market participant, and an issuer whose securities are traded on a regulated market or whose securities are subject to a public offer or have been subject to a public offer during the past five years. In order to exercise supervision, the Supervision Authority has the right to organise on-site inspection at the

registered office of a company belonging to the consolidation group of a credit institution or an Estonian branch of a foreign credit institution.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(2) An on-site inspection shall be carried out if:
1) it is necessary to verify the submitted information;
2) the Supervision Authority suspects that the provisions of this Act or legislation specified in subsections 2 (1) or (2) of the Financial Supervision Authority Act or on the basis thereof have been violated;
3) it is necessary to execute supervisory duties;
4) it is necessary based on a request by a securities market supervision agency of a Contracting State.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(3) In order to carry out an on-site inspection, the Supervision Authority shall issue an order which sets out the purpose, extent, duration of the period and time of the inspection. The order shall be delivered to the person to be inspected at least three working days before the inspection is commenced, unless giving such notice damages attainment of the objectives of the inspection. An on-site inspection shall be carried out by an employee authorised by the Supervision Authority, unless otherwise prescribed in this Act.

(4) During on-site inspection, the person carrying out the inspection has the right to:
1) enter all premises and take possession of data;
[RT I 2007, 58, 380 - entry into force 19.11.2007]
2) use the conditions and a separate room necessary for their work;
3) study documents and media necessary for exercising supervision, make extracts, transcripts and copies thereof and monitor the work processes without restrictions;
4) obtain oral and written explanations from the managers and employees of the person being inspected. Minutes shall be taken of the explanations when necessary or at the request of the person providing the explanations.

(5) The management of a person being inspected is required to appoint a competent representative in whose presence the inspection is carried out and who shall provide the person carrying out the inspection with documents and other information necessary for the performance of his or her duties, including the sworn?? auditor's report concerning the reports of the person being inspected and the special reports of the auditor, and provide necessary explanations with regard to such documents and information.
[RT I 2010, 9, 41 - entry into force 08.03.2010]

(6) In the case specified in clause (2) 4) of this section, the Supervision Authority may authorise the securities market supervisory agency of a Contracting State or an auditor or expert appointed thereby to carry out the on-site inspection.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 232[1]. Report concerning on-site inspection

(1) An inspector is required to prepare a report concerning the results of an on-site inspection within two months after completion of the on-site inspection and the Supervision Authority shall promptly deliver the report to the person being inspected.

(2) The manager and an employee of a person being inspected have the right to provide written explanations within one month after the date of delivery of the report.

(3) After the review of the written explanations of the person being inspected, but not later than within four months after the on-site inspection is completed, the Supervision Authority shall prepare a final report which is delivered to the person being inspected.

(4) In the event of disagreement with the facts indicated in a report, the person being inspected has the right to append a written dissenting opinion to the report.

(5) If, after the on-site inspection or the written explanations of the person being inspected, additional circumstances become evident or the Supervision Authority obtains additional information, the term for preparation of the report of the Supervision Authority or a final report specified in subsection (3) of this section may be extended by up to two months, and the new term for preparation of the report or the final report shall be communicated to the person being inspected and the reason for extension of the initial term shall be indicated.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 233. Assessment and special audit in supervisory proceedings

(1) In supervision proceedings, the Supervision Authority may involve experts in supervision proceedings in the cases where expertise is required to ascertain facts which are relevant to the matter.

(2) The Supervision Authority has the right to demand a special audit if:
1) there is reasonable doubt that a report or information submitted to the Supervision Authority or the public is misleading or inaccurate;

2) transactions have been entered into as a result of which significant damage may be caused or has been caused to an investment firm, an operator of a regulated market, an operator of a securities settlement system, an issuer or a company belonging to the same consolidation group with the issuer or their clients or investors;
3) other issues relevant to the financial situation of an investment firm, an operator of regulated market, an operator of a securities settlement system, an issuer, an investor or a company belonging to the same consolidation group with them need additional clarification in the supervision proceedings.

(3) The Supervision Authority shall involve an expert or, for a special audit, an auditor on its own initiative or at the request of a participant in the proceeding. The name of an expert or auditor and the reasons for involvement of the expert or auditor shall be communicated to a participant in the proceeding before involvement of the expert or auditor, unless proceedings regarding the matter need to be conducted quickly or communication of the information may impede attainment of the objectives of the assessment or special audit.

(4) If an expert or an auditor who performs a special audit ascertains facts relevant in the supervision proceedings and the Supervision Authority did not directly assign the task of ascertaining these facts to the expert or auditor, the expert or auditor shall also provide his or her opinion or assessment with regard to the facts.

(5) An expert or an auditor who performs a special audit has the right to exercise the rights provided for in subsection 232 (4) of this Act only in order to perform the tasks assigned thereto and request additional information and documents from the Supervision Authority and participants in proceedings. The expert or auditor who performs the special audit may exercise the right provided for in clause 232 (4) 1) of this Act only with the permission or in the presence of the inspected company. The expert is required to maintain the confidentiality of any confidential information which becomes known to him or her in connection with performance of the duties of an expert.

(6) Costs related to the conduct of an assessment or a special audit shall be covered from the budget of the Supervision Authority. If an expert or auditor is involved at the request of a participant in the proceeding, costs related to the conduct of an assessment or a special audit shall be covered by the participant in the proceeding.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 234. Precepts

(1) The Supervision Authority has the right to issue a precept:
1) if, as a result of supervision, violations of the legislation have been discovered;
[RT I, 07.04.2017, 2 - entry into force 17.04.2017]
2) to prevent violations of law or if the risks assumed by a professional securities market participant have increased significantly or if other circumstances emerge which endanger or may endanger the interests or reliability of investors or the securities market as a whole;
3) where this is necessary for the protection of investors or guarantee of market transparency, including if a security, investment deposit or other financial activity or practice poses a threat to the orderly functioning or integrity of financial, securities or commodity markets or to the stability of the financial system within at least one Contracting State, and also where a derivative has a detrimental effect on the price formation mechanism in the underlying market.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1^1) The Supervision Authority has the right to require, by a precept, own funds exceeding the requirements provided for in subsection 94 (2) of this Act and Regulation (EU) No 575/2013 of the European Parliament and of the Council if all the risks of an investment firm are not sufficiently covered by own funds or risk management has not been organised in conformity to the requirements of this Act and legislation issued on the basis thereof.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(2) A precept of the Supervision Authority enters into force at the time indicated in the precept, but not before delivery of the precept to the addressee indicated in the precept.

(3) A precept shall be issued promptly to the recipient against a signature.

(4) The recipient of a precept shall, immediately after receipt of the precept, commence compliance therewith.

(5) An appeal against a precept may be filed with an administrative court pursuant to the provisions of the Code of Administrative Court Procedure.

(6) The filing of an appeal against a precept and proceedings regarding the appeal do not suspend the requirement to comply with the precept, unless otherwise provided by the Supervision Authority.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 234[1]. Penalty payment

(1) In the event of failure to comply or inappropriate compliance with a precept issued pursuant to this Act or another administrative act, the Supervision Authority has the right to impose a penalty payment pursuant to the procedure provided for in the Substitutive Enforcement and Penalty Payment Act.

(2) In the event of failure to comply or inappropriate compliance with an administrative act, the upper limit for a penalty payment shall be, in the case of a natural person, up to 5000 euros for the first occasion and up to 50,000 euros for each following occasion to enforce the performance of the same obligation, but, depending on whichever is the greater, in total up to 5,000,000 euros or up to three times the amount of the profits gained or losses avoided as a result of the violation if such profits or losses can be determined.
[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

(3) In the event of failure to comply or inappropriate compliance with an administrative act, the upper limit for a penalty payment shall be, in the case of a legal person, up to 32,000 euros for the first occasion and up to 100,000 euros for each following occasion to enforce the performance of the same obligation, but, depending on whichever is the greater, in total up to 15,000,000 euros or up to 15 per cent of the total annual turnover according to the last available annual accounts approved by the management body or up to three times the amount of the profits gained or losses avoided as a result of the violation if such profits or losses can be determined. In case the legal person is a parent undertaking or a subsidiary of a parent undertaking which has to prepare consolidated financial accounts, the total turnover specified in the previous sentence of this subsection shall be the total annual turnover or the total turnover of the corresponding type of income according to the last available consolidated annual accounts approved by the management body of the ultimate parent undertaking.
[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

§ 235. Rights upon issue of precepts

The Supervision Authority has the right to issue a precept to:
1) prohibit certain transactions or activities from being conducted or to establish restrictions on their volume;
1[1]) prohibit the relevant person of an investment firm or another natural person responsible for the violation to temporarily conduct securities transactions for their own account;
[RT I, 07.04.2017, 2 - entry into force 17.04.2017]
1[2]) prohibit, restrict or temporarily suspend the marketing of securities or investment deposits or other financial activity or practice pursuant to the procedure and under the conditions provided for in Articles 40–42 of Regulation (EU) No 600/2014 of the European Parliament and of the Council;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
2) prohibit, partially or wholly, any distributions from profits;
2[1]) demand to reduce performance pays of members of the management board of an investment firm or managers of an issuer of shares, suspension of the payment thereof or reimbursement of any executed payments pursuant to the provisions of § 79[1](3) of this Act or in case the grounds specified in subsection 135[2](7) of this Act arise;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
3) demand that the issuer or another person promptly disclose information, if the obligation to disclose such information arises from the legislation, and disclose a correction notice with regard to false or misleading information disclosed or disseminated by the issuer or another person;
[RT I, 07.04.2017, 2 - entry into force 17.04.2017]
3[1]) demand the making public of regulated information or other information and documents through the means indicated by the Supervision Authority and within the term set by the Supervision Authority from the issuer specified in subsection 184 (1) of this Act, the managers and shareholders of such issuer and persons who, pursuant to subsection 10 (3) of this Act, hold voting rights arising from the securities of the issuer;
[RT I 2007, 58, 380 - entry into force 19.11.2007]
4) demand a restriction of the operating expenses of a professional securities market participant;
5) demand amendment of internal rules and rules of procedure of a professional securities market participant;
5[1]) demand the change of the principles of remuneration of an investment firm and issuer of shares;
[RT I, 24.03.2011, 1 - entry into force 03.04.2011]
6) make a proposal to the supervisory board of a professional securities market participant to remove a member of the management board;
7) make a proposal to the general meeting of the shareholders of a professional securities market participant to remove a member of the supervisory board;
7[1]) demand the suspension or termination of trading in securities on a trading venue by an investment firm or an operator of regulated market;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
7[2]) demand that anyone suspend or terminate violation of an obligation or requirement provided by the legislation or other illegal activities and obligate a person responsible for the violation to refrain from repeating this;
[RT I, 07.04.2017, 2 - entry into force 17.04.2017]
7[3]) propose to the general meeting of the issuer of a security traded on a regulated market for the change of auditor;

7[4]) demand the termination of violation of the requirements of legislation of a foreign state from market operators, investment firms and issuers;
[RT I 2007, 58, 380 - entry into force 19.11.2007]

7[5]) prohibit market operators and investment firms of Contracting States to operate in Estonia, prohibit market operators and investment firms of Estonia to operate in Contracting States, and prohibit both to provide cross-border services;
[RT I 2007, 58, 380 - entry into force 19.11.2007]

7[6]) demand payment of a contribution prescribed by the Guarantee Fund Act;

7[7]) prohibit, in case of violation of the obligation to notify of the number of votes provided for in § 185 of this Act, a person who owns direct or indirect holding in the share capital of an issuer specified in subsection 184 (1) of this Act to exercise of the specified right to vote or other rights enabling control or to restrict this;
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

7[8]) temporarily restrict any investment firm from participating in a trading venue as a participant or client;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

8) set other demands for compliance with the legislation governing the activity of a professional securities market participant;
[RT I 2009, 61, 401 - entry into force 26.12.2009]

§ 236. Calling of and participation in meeting of directing bodies of professional securities market participant

(1) The Supervision Authority has the right to issue a precept in order to:
1) call a meeting of the management board or supervisory board of a professional securities market participant or to call the general meeting of a professional securities market participant;
2) include an issue on the agenda of a meeting of the management board or supervisory board or the general meeting if this is necessary in the opinion of the Supervision Authority.

(2) The Supervision Authority may send a representative to a meeting who has the right to present positions and make proposals and demand the recording thereof in the minutes of the meeting.

§ 236[1]. Supervision over branches of foreign investment firms entered in Estonian commercial register, and over foreign investment firms and market operators providing services in Estonia

(1) The Supervision Authority may demand that a foreign investment firm whose branch is registered in Estonia or which provides its cross-border services in Estonia submit additional information and documents necessary for the exercise of supervision over the investment firm to the extent provided by this Act, and also data necessary for collection of statistical information but not to a larger extent than required from Estonian investment firms. The Supervision Authority has the right to demand, by a precept, performance of the duties provided by subsections 79[1](2) and (4), subsection 85 (1), §§ 85[2], 85[4]–87[6]and 89[1]of this Act and Articles 14–26 of Regulation (EU) No 600/2014 of the European Parliament and of the Council and by the legislation established for specification of such duties or on the basis thereof, or elimination of the circumstances hindering performance of such duties with respect to an investment service provided by a foreign investment firm or a branch within the territory of Estonia or to persons residing or located in Estonia.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) An investment firm whose branch is registered in Estonia or which provides cross-border investment services in Estonia and whose authorisation has been suspended or revoked by a foreign securities market supervision agency shall not operate or provide services in Estonia.
[RT I 2010, 7, 30 - entry into force 26.02.2010]

(3) The Supervision Authority may demand that a foreign investment firm or operator of a regulated market of a Contracting State who has registered a branch in Estonia, or that a foreign investment firm or market operator of a Contracting State who provides cross-border services in Estonia terminate violation of the requirements provided for in the acts or legislation established on the basis these acts which apply to such investment firm or operator of a regulated market.
[RT I 2010, 7, 30 - entry into force 26.02.2010]

(4) If a foreign investment firm or its branch entered into the Estonian commercial register violates the requirement provided for in this Act or other legislation, the Financial Supervision Authority may apply the measures provided for in this Act to terminate the violation or revoke the authorisation for foundation of the branch or provision of the cross-border services.
[RT I 2010, 7, 30 - entry into force 26.02.2010]

(5) If a foreign investment firm or market operator of a Contracting State continues to violate the requirements provided for in legislation applicable to such investment firm or operator of a regulated market, the Supervision Authority shall inform the securities market supervisory agency of the Contracting State thereof.

[RT I 2010, 7, 30 - entry into force 26.02.2010]

(6) If the measures applied by the securities market supervision agency of the foreign country are not sufficient, the Supervision Authority may apply, by a precept, the measures specified in this Act for termination of the violation or prohibit, by a precept, the foreign investment firm or market operator of a Contracting State from operating in Estonia or providing investment services to persons residing or located in Estonia, and give prior notice thereof to the securities market supervision agency of the foreign country.
[RT I 2010, 7, 30 - entry into force 26.02.2010]

(7) The Supervision Authority shall inform a foreign investment firm of the measures taken. A foreign investment firm may file a complaint against the applied measures with Tallinn Administrative Court directly or through a branch.
[RT I 2010, 7, 30 - entry into force 26.02.2010]

(8) In exceptional cases, the Supervision Authority may, in order to protect investors and the public interest, apply measures provided for in legislation with regard to a foreign investment firm or market operator of a Contracting State without informing the securities market supervision agency of the foreign country of the measures beforehand.
[RT I 2010, 7, 30 - entry into force 26.02.2010]

(9) The Supervision Authority shall promptly inform the European Commission, the European Securities and Markets Authority and the securities market supervisory agency of the foreign country of the measures applied on the basis of subsections (6) or (8) of this section.
[RT I, 29.03.2012, 1 - entry into force 30.03.2012]

(10) The Supervision Authority shall cooperate with the securities market supervision agency of a Contracting State if:
1) the operations of the trading venue operated in such Contracting State are of significant importance from the viewpoint of the functioning of the Estonian securities market and the protection of investors;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
2) the operations of the trading venue operated in Estonia are of significant importance from the viewpoint of the functioning of the securities market of such Contracting State and the protection of local investors.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 236[2]. Supervision over investment firms which have founded branches in foreign states and investment firms providing cross-border services

(1) If an investment firm which has founded a branch in a foreign state or which provides cross-border services in a foreign state violates the requirements of legislation established in a foreign state, the Supervision Authority shall promptly apply measures for termination of the violation on the proposal of the foreign securities market supervisory agency. The Supervision Authority shall inform the foreign securities market supervisory agency of the applied measures.

(1[1]) The Supervision Authority shall inform the securities market supervisory agency of the other Contracting State of the intention to carry out an on-site inspection in the branch of an investment firm established in that state.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) The Supervision Authority shall immediately notify the securities market supervisory agency of the foreign state where the branch of the investment firm is founded or where the investment firm provides cross-border services of revocation of the authorisation of the investment firm and a permission for the foundation of a branch in a foreign state, and of precepts specified in subsection 64 (8) and 65 (7) of this Act.

(3) A branch of an investment firm or an investment firm which provides cross-border services shall, at the request of a foreign securities market supervisory agency, submit information which is necessary for the exercise of supervision over the activities of the branch or investment firm in the state.
[RT I 2005, 13, 64 - entry into force 01.04.2005]

§ 236[3]. Supervision in matters of market abuse

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 236[4]. Supervision over third country issuer and issuer whose host Contracting State is Estonia

(1) If a third country issuer whose securities are offered to the public in Estonia or are traded on a regulated market and whose home Contracting State is Estonia violates the requirements established in this Act or other legislation regarding issuers, the Supervision Authority may apply measures for termination of the violation provided for in this Act or prohibit, by its precept, the offer of securities to the public of the issuer or trade in the securities on a regulated market.

(2) If an issuer whose securities are offered to the public in Estonia or whose securities are traded on a regulated market and whose host Contracting State is Estonia violates the requirements established in this Act or other legislation regarding issuers, the Supervision Authority shall inform the securities market supervisory agency of the home Contracting State of the issuer and the European Securities and Markets Authority of the violation. The notification shall be provided also in case a financial institution or other person responsible for the offering to the public violates the requirements established in respect thereto by this Act or other legislation.
[RT I, 29.03.2012, 1 - entry into force 30.03.2012]

(2^1) If an issuer whose securities are traded on the regulated market of Estonia as the host Contracting State, a shareholder, an owner of other securities or a person who, pursuant to subsection 10 (3) of this Act, is deemed to be the owner of the voting rights arising from the shares of an issuer violates the requirements established therefor by this Act and other legislation, the Supervision Authority shall inform the securities market supervision agency of the home Contracting State thereof.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(3) If the measures applied by the securities market supervisory agency of the home Contracting State of an issuer are insufficient, in order to protect investors the Supervision Authority may, by its precept, apply measures provided for in this Act for the termination of the violation or prohibit, by its precept, the offer of securities to the public of the issuer or trade in the securities on a regulated market, and shall inform the securities market supervisory agency of the home Contracting State of the issuer and the European Securities and Markets Authority thereof beforehand.
[RT I, 29.03.2012, 1 - entry into force 30.03.2012]

(4) The Supervision Authority shall inform the issuer of the measures applied thereby.

(5) The Supervision Authority shall promptly inform the European Commission and the European Securities and Markets Authority of the measures taken on the basis of subsection (3) of this section.
[RT I, 29.03.2012, 1 - entry into force 30.03.2012]

§ 236^5. Supervision over issuer whose home Contracting State is Estonia

If an issuer whose securities are offered to the public in a foreign state or are traded on a regulated market and whose home Contracting State is Estonia violates the requirements of legislation of a foreign state regarding issuers, the Supervision Authority shall promptly apply measures for termination of the violation on the proposal of the foreign securities market supervisory agency. The Supervision Authority shall inform the foreign securities market supervisory agency of the applied measures.
[RT I 2005, 59, 464 - entry into force 15.11.2005]

§ 236^6. Supervision over compliance with requirements of Regulation (EU) 2016/1011 of the European Parliament and of the Council

When exercising supervision over compliance with the requirements provided by Regulation (EU) 2016/1011 of the European Parliament and of the Council, the Supervision Authority shall have the following powers:
1) to require or demand information from any person involved in the provision of, and contribution to, a benchmark within the meaning of Regulation (EU) 2016/1011 of the European Parliament and of the Council, including any service provider to which functions, services or activities in the provision of a benchmark have been outsourced as provided for in Article 10 of Regulation (EU) 2016/1011 of the European Parliament and of the Council, as well as their mandators, and if necessary, summon and question any such person with a view to obtaining information;
2) to request, in relation to commodity benchmarks within the meaning of Regulation (EU) 2016/1011 of the European Parliament and of the Council, information from contributors on related spot markets according, where applicable, to standardised formats and reports on transactions, and direct access to traders' systems;
3) to require temporary cessation of any practice that the competent authority considers contrary to Regulation (EU) 2016/1011 of the European Parliament and of the Council;
4) to impose a temporary prohibition on the exercise of professional activity;
5) to take all necessary measures to ensure that the public is correctly informed about the provision of a benchmark, including by requiring the relevant administrator or a person that has published or disseminated the benchmark or both to publish a corrective statement about past contributions to or figures of the benchmark.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 236^7. Supervision over compliance with requirements of Regulation (EU) 2017/2402 of the European Parliament and of the Council

(1) In the case of an infringement as referred to in point (e) or (f) of Article 32(1) of Regulation (EU) 2017/2402 of the European Parliament and of the Council, the Supervision Authority may impose a temporary ban preventing the originator and sponsor from notifying under Article 27(1) of Regulation (EU) 2017/2402 of

the European Parliament and of the Council that a securitisation meets the requirements set out in Articles 19 to 22 or Articles 23 to 26 of Regulation (EU) 2017/2402 of the European Parliament and of the Council.

(2) In the case of an infringement as referred to in point (h) of Article 32(1) of Regulation (EU) 2017/2402 of the European Parliament and of the Council, the Supervision Authority may apply a temporary withdrawal of the authorisation referred to in Article 28 of Regulation (EU) 2017/2402 of the European Parliament and of the Council for the third party authorised to check the compliance of a securitisation with the requirements set out in Articles 19 to 22 or Articles 23 to 26 of Regulation (EU) 2017/2402 of the European Parliament and of the Council.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 236[8]. Supervision over compliance with requirements of Regulation (EU) 2017/1129 of the European Parliament and of the Council

(1) When exercising supervision over compliance with the requirements provided by Regulation (EU) 2017/1129 of the European Parliament and of the Council, the Supervision Authority shall have the following powers:
1) to require issuers, offerors or persons asking for admission to trading on a regulated market to include in the prospectus supplementary information, where necessary for investor protection;
2) to prohibit or suspend advertisements or require issuers, offerors or persons asking for admission to trading on a regulated market, or relevant financial intermediaries to cease or suspend advertisements for a maximum of ten consecutive working days on any single occasion where there are reasonable grounds for believing that the requirements provided by Regulation (EU) 2017/1129 of the European Parliament and of the Council have been violated;
3) to suspend the scrutiny of a prospectus submitted for approval or suspend or restrict an offer of securities to the public or admission to trading on a regulated market where the Supervision Authority is making use of the power to impose a prohibition or restriction pursuant to Article 42 of Regulation (EU) No 600/2014 of the European Parliament and of the Council, until such prohibition or restriction has ceased;
4) to refuse approval of any prospectus drawn up by an issuer, offeror or person asking for admission to trading on a regulated market for up to five years after the adoption of this decision, where that issuer, offeror or person asking for admission to trading on a regulated market has repeatedly and severely violated the requirements provided by Regulation (EU) 2017/1129 of the European Parliament and of the Council;
5) to disclose, or to require the issuer to disclose, all material information which may have an effect on the assessment of the securities offered to the public or admitted to trading on a regulated market in order to ensure investor protection or the smooth operation of the market.

(2) Where the Supervision Authority refuses to approve a prospectus pursuant to clause (1) 4) of this section, the Supervision Authority shall inform the European Securities and Markets Authority thereof.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 237. List

(1) The Supervision Authority shall maintain a list of:
1) valid prospectuses approved by the Supervision Authority;
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]
2) takeover bids approved by the Supervision Authority;
2[1]) mergers of investment firms;
3) investment firms registered in Estonia which hold a valid authorisation;
3[1]) persons holding valid permits provided for in subsection 162 (1) of the Atmospheric Air Protection Act;
[RT I, 05.07.2016, 1 - entry into force 01.01.2017]
4) persons having a qualifying holding in investment firms registered in Estonia;
4[1]) market-makers;
[RT I 2007, 58, 380 - entry into force 19.11.2007]
4[2]) investment agents;
[RT I 2007, 58, 380 - entry into force 19.11.2007]
5) operators of regulated markets who are registered in Estonia and who hold a valid authorisation;
6) operators of securities settlement systems who are registered in Estonia and who hold a valid authorisation;
6[1]) data reporting services providers who are registered in Estonia and who hold a valid authorisation;
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]
7) information on members of the management board and supervisory board of legal persons specified in clauses 3), 5) and 6) of this subsection;
[RT I 2007, 58, 380 - entry into force 19.11.2007]
8) branches established abroad by investment firms registered in Estonia;
9) representative offices established abroad by investment firms registered in Estonia;
10) branches established in Estonia by foreign investment firms;
11) foreign investment firms who have permission to provide cross-border services;
[RT I 2010, 7, 30 - entry into force 26.02.2010]
12) representative offices established in Estonia by foreign investment firms;
13) [Repealed - RT I, 28.06.2012, 5 - entry into force 01.07.2012]
14) [Repealed - RT I, 28.06.2012, 5 - entry into force 01.07.2012]

(1[1]) [Repealed - RT I, 28.06.2012, 5 - entry into force 01.07.2012]

(1[2]) [Repealed - RT I, 28.06.2012, 5 - entry into force 01.07.2012]

(1[3]) [Repealed - RT I, 28.06.2012, 5 - entry into force 01.07.2012]

(1[4]) [Repealed - RT I, 28.06.2012, 5 - entry into force 01.07.2012]

(1[5]) The Supervision Authority shall publish on its website information about the approved prospectuses in accordance with the provisions of Article 21(5) of Regulation (EU) 2017/1129 of the European Parliament and of the Council.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

(2) The information specified in this section shall be published pursuant to the provisions of subsection 53 (4) of the Financial Supervision Authority Act.

(3) [Repealed - RT I 2005, 59, 463 - entry into force 15.11.2005]

Chapter 25
LIABILITY

[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 237[1]. Violation of requirement for prospectus

[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

(1) The violation of requirements provided by Articles 3, 5 and 6, Article 7(1) to (11), Articles 8–10, Article 11(1) and (3), Article 14(1) and (2), Article 15(1), Article 16(1) to (3), Articles 17 and 18, Article 19(1) to (3), Article 20(1), Article 21(1) to (4) and (7) to (11), Article 22(2) to (5), Article 23(1) to (3) and (5), or Article 27 of Regulation (EU) No 2017/1129 of the European Parliament and of the Council, and by subsection 15 (7) of this Act
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 237[2]. Violation of requirement to make prospectus public

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 237[3]. Violation of procedure for announcement or suspension of offer

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 237[4]. Violation of obligation to inform investors

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 237[5]. Violation of requirements for advertising

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 237[6]. Violation of obligation to repurchase securities

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 237[7]. Violation of requirements for annexes to prospectuses

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 237[8]. Failure to submit report, information, explanation or other document

(1) Failure to submit, refusal to submit or late submission of a report, information, an explanation or any other document, or submission of incorrect or deficient information to the Supervision Authority, or violation of the obligation to make reports public,
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I 2010, 22, 108 - entry into force 01.01.2011]

§ 237[9]. Violation of requirements for keeping and protecting client assets

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) The violation of requirements for keeping or protecting client assets or for using or disposing of securities of clients when providing investment services or ancillary services
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[10]. Violation of obligation to establish and implement policies and procedures

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) The violation of an obligation to establish or implement policies and procedures provided for in this Act,
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[11]. Violation of requirements for receipt and provision of monetary and non-monetary inducements in connection with the provision of investment services and ancillary services

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) The violation of requirements for receipt or provision of monetary or non-monetary inducements in connection with the provision of investment services or ancillary services
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[12]. Violation of general requirements for activities of investment firms and notification of clients

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) The violation of requirements provided for in subsection 85 (1) of this Act or requirements for notification of clients upon provision of investment services
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[13]. Violation of requirements for assessment of suitability and appropriateness of investment services and securities

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) The violation of requirements for assessment of suitability or appropriateness of investment services or securities
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[14]. Violation of obligation of best execution of client orders, establishment and implementation of measures required therefor and disclosure of limit orders

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) The violation of an obligation of best execution of client orders, establishment or implementation of measures required therefor or disclosure of limit orders
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[15]. Violation of obligation to register and preserve data

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) In the cases prescribed upon provision of investment services or operation of a regulated market and specified in Article 22(1) and (2) and Article 25 (1) and (2) of Regulation (EU) No 600/2014 of the European Parliament and of the Council, the violation of an obligation to register or preserve data, telephone conversations or electronic communications or transactions, respectively,
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[16]. Violation of requirements for reporting transactions

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) The violation of an obligation provided for in Article 26(1)–(7) or Article 27(1) of Regulation (EU) No 600/2014 of the European Parliament and of the Council
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[17]. Violation of requirements for establishment, application and amendment of rules and regulations and obligation to disclose rules and regulations

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) The violation of requirements for establishment, application or amendment of rules and regulations of trading venues or obligation to obtain the approval of the Supervision Authority regarding amendments or to disclose rules and regulations
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[18]. Violation of requirements for equal application of rules and regulations

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[19]. Violation of pre-trade and post-trade transparency requirements and requirements provided for price quotations of systematic internalisers

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) The violation of requirements provided for in Article 3(1) and (3), Article 4(3), Article 6, Article 7(1), Article 8(1), (3) and (4), Article 10, Article 11(1) and (3), Article 12(1), Article 13(1), Article 14(1)–(3), Article 15(1), (2) and (4), Article 17(1), Article 18(1), (2), (4), (5), (6), (8) and (9), Article 20(1) and (2) or Article 21(1)–(3) of Regulation (EU) No 600/2014 of the European Parliament and of the Council

is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[20]. Violation of requirement to disclose rules and regulations

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[21]. Violation of obligations established by the Act or rules and regulations with regard to participants in trading venue and issuers of securities admitted to trading on trading venue

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) The violation of an obligation established by this Act or rules and regulations of a trading venue with regard to participants in the trading venue and issuers of securities admitted to trading on the trading venue
is punishable by a fine of up to 300 fine units.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I 2010, 22, 108 - entry into force 01.01.2011]

§ 237[22]. Violation of requirements for inspection and protection of information processing systems, for means of transfer of information and for confidentiality of data

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) The violation of requirements established for inspection and protection of information processing systems, for means of transfer of information or for confidentiality of data
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[23]. Violation by insider of obligation to submit information

[Repealed - RT I 07.04.2017, 2 - entry into force 17.04.2017]

§ 237[24]. Violation of notification obligation by issuer

A fine of up to 32,000 euros shall be imposed on an issuer who fails to submit or incorrectly submits the information provided for in § 187[5] of this Act.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

§ 237[25]. Violation of requirements for takeover bids

(1) A fine of up to 300 fine units shall be imposed on an offeror who treats the holders of shares of the same type unequally within the framework of a takeover bid, or on an offeror or target issuer who fails to provide the target persons with relevant, correct, accurate, complete and identical information for informed consideration of the takeover bid or who provides misleading, incorrect or inaccurate information or provides different information to different target persons or hinders consideration of the takeover bid by the target persons.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I 2010, 22, 108 - entry into force 01.01.2011]

§ 237[26]. Violation of rules for takeover bids

(1) A fine of up to 300 fine units shall be imposed on an offeror, a member of the supervisory board or management board of an offeror which is a legal person or of a body substituting for the management or supervisory board, a target issuer, a member of the supervisory board or management board of the target issuer, a person acting in concert with such persons, or a shareholder of the target issuer, who violates the rules for takeover bids or the provisions regulating takeover bids for the shares of target issuers.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I 2010, 22, 108 - entry into force 01.01.2011]

§ 237[27]. Violation of prudential requirements

Violation by an investment firm of the prudential norms provided for in this Act or on the basis thereof is is punishable by a fine of up to 32,000 euros.
[RT I 2010, 22, 108 - entry into force 01.01.2011]

§ 237[28]. Violation of procedure for acquisition of qualifying holding in investment firm or operator

(1) Acquisition or transfer of a holding in an investment firm or operator of a regulated market, or turning an investment firm or operator of a regulated market into a controlled company without giving prior notice thereof to the Financial Supervision Authority pursuant to this Act or in violation of a precept specified in subsection 75 (2) of this Act, or exercise of voting rights or other rights granting control in an investment firm or operator of a regulated market in violation of a precept of the Financial Supervision Authority
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I 2010, 22, 108 - entry into force 01.01.2011]

§ 237[29]. Violation of requirements for management of firm

(1) Violation of the rights for the calling or carrying out of a meeting or general meeting of shareholders of an issuer of securities traded on a regulated market, or the requirements for voting or restriction of voting rights in such meeting
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I 2010, 22, 108 - entry into force 01.01.2011]

§ 237[30]. Violation of requirements to provide information on and disclose transactions of manager and persons close to manager

[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

(1) Violation of requirements provided by Article 19(1)–(3), (5)–(7) and (11) of Regulation (EU) No 596/2014 of the European Parliament and of the Council
is punishable by a fine of up to 300 fine units.
[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

(2) The same act, if committed by a connected legal person,
is punishable by a fine of up to 32,000 euros.
[RT I 2010, 22, 108 - entry into force 01.01.2011]

§ 237[31]. Violation of obligation to notify of number of votes

[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(1) Violation of the obligation to notify of number of votes provided for in § 185 of this Act
is punishable by a fine of up to 300 fine units.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I 2010, 22, 108 - entry into force 01.01.2011]

§ 237[32]. Failure to make annual financial report public

A fine of up to 32,000 euros shall be imposed on an issuer who fails to make public or makes public in an non-conforming manner an annual financial report.
[RT I 2010, 22, 108 - entry into force 01.01.2011]

§ 237[33]. Failure to make half-yearly report public

A fine of up to 32,000 euros shall be imposed on an issuer of shares who fails to make public or makes public in an non-conforming manner a half-yearly report.

[RT I 2010, 22, 108 - entry into force 01.01.2011]

§ 237[34]. Violation of obligation to disclose report on payments made to governmental authorities

[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(1) A fine of up to 300 fine units shall be imposed on an issuer who violates the obligation to disclose a report on payments made to governmental authorities.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

§ 237[35]. Violation of requirements of equal treatment

A fine of up to 32,000 euros shall be imposed on an issuer who violates the requirements for equal treatment provided in §§ 187[6]or 187[7]of this Act.
[RT I 2010, 22, 108 - entry into force 01.01.2011]

§ 237[36]. Violation of obligation to make conflict of interests public

[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(1) The violation of the obligation to make a conflict of interests public
is punishable by a fine of up to 300 fine units.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

§ 237[37]. Violation of requirements to ground conflict of interests

(1) Failure to establish or apply measures for the management of conflicts of interest upon provision of investment services
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

§ 237[38]. Violation of requirements for preparation and dissemination of investment recommendations and disclosure of conflicts of interest

[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

(1) Violation of requirements provided by Article 20(1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council
is punishable by a fine of up to 300 fine units.
[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I 2010, 22, 108 - entry into force 01.01.2011]

§ 237[39]. Violation of requirements for maintenance of list of insiders

(1) Violation of requirements provided by Article 18(1)–(6) of Regulation (EU) No 596/2014 of the European Parliament and of the Council
is punishable by a fine of up to 300 fine units.
[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I 2010, 22, 108 - entry into force 01.01.2011]

§ 237[40]. Violation of requirements to make inside information public

(1) Violation of requirements provided by Article 17(1), (2), (4), (5) and (8) of Regulation (EU) No 596/2014 of the European Parliament and of the Council

is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

§ 237[41]. Misuse of inside information

[Repealed - RT I, 12.07.2014, 1 - entry into force 01.01.2015]

§ 237[42]. Violation of requirements for prevention and detection of market abuse

[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

(1) Violation of requirements provided by Article 16(1) and (2) of Regulation (EU) No 596/2014 of the European Parliament and of the Council
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

§ 237[43]. Commission of market manipulation

[Repealed - RT I, 12.07.2014, 1 - entry into force 01.01.2015]

§ 237[44]. Violation of confidentiality of supervision and hindering of supervision activities

A fine of up to 32,000 euros shall be imposed on an investment firm, a credit institution, the Estonian Register of Securities or a provider of telecommunications services who gives notice of the inquiry by the Supervision Authority provided in subsection 230[3](2) of this Act to a client thereof or a person whom the inquiry concerns.
[RT I, 26.06.2017, 1 - entry into force 06.07.2017]

§ 237[45]. Interconnection between provision of financial and investment services and mandatory funded pension

(1) Failure to comply with the requirements established for the provision of financial and investment services in subsection 14 (5[1]), subsection 25 (2[1]) and the second sentence of subsection 37 (2) of the Funded Pensions Act by an investment firm or the manager or employee of other provider on investment services or other person acting in the interests of the investment firm
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 18.02.2011, 1 - entry into force 01.08.2011]

§ 237[46]. Violation of requirements of Regulation on short selling

(1) Violation of requirements provided for in Articles 3–8 and 12–15 of Regulation (EU) No 236/2012 of the European Parliament and of the Council
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 26.04.2013, 2 - entry into force 06.05.2013]

§ 237[47]. Violation of requirements of Regulation on OTC derivatives

(1) Violation of requirements provided for in Title II of Regulation (EU) No 648/2012 of the European Parliament and of the Council
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 26.04.2013, 2 - entry into force 06.05.2013]

§ 237[48]. Failure to appear by participant in proceedings or witness

A fine of up to 20 fine units shall be imposed on a participant in the proceedings or a witness who, when summoned by the Supervision Authority in the course of administrative proceedings, fails to appear without good reason.
[RT I, 26.04.2013, 2 - entry into force 06.05.2013]

§ 237[49]. Additional grounds for termination of proceedings

For reasons of expediency, misdemeanour proceedings provided by this Act initiated in the matter of market abuse may be terminated with respect to a person who was the first to file a written report concerning the market abuse or suspicion thereof to the Supervision Authority before or immediately after the market abuse took place.
[RT I, 26.04.2013, 2 - entry into force 06.05.2013]

§ 237[50]. Proceedings

[Repealed - RT I, 12.07.2014, 1 - entry into force 01.01.2015]

§ 237[51]. Violation of limitations on investment

(1) Violation of limitations arising from this Act on investment of assets
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 12.07.2014, 1 - entry into force 01.01.2015]

§ 237[52]. Proceedings

[Repealed - RT I, 22.02.2017, 1 - entry into force 01.01.2018]

§ 237[53]. Violation of requirements of Regulation (EU) No 1286/2014 of European Parliament and of Council

(1) Violation of the requirement provided for in Articles 5–10, 13 and 14 of Regulation (EU) No 1286/2014 of the European Parliament and of the Council
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 22.02.2017, 1 - entry into force 01.01.2018]

§ 237[54]. Proceedings

[Repealed - RT I, 26.06.2017, 1 - entry into force 06.07.2017]

§ 237[55]. Violation of requirements of Regulation (EU) No 2015/2365 of European Parliament and of Council

(1) Violation of requirements provided for in Articles 4 and 15 of Regulation (EU) No 2015/2365 of the European Parliament and of the Council
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 26.06.2017, 1 - entry into force 06.07.2017]

§ 237[56]. Violation of requirements of Regulation (EU) No 2016/1011 of the European Parliament and of the Council

(1) Violation of requirements provided for in Articles 4–16, 21, 23–29 and 34 of Regulation (EU) No 2016/1011 of the European Parliament and of the Council
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 26.06.2017, 1 - entry into force 06.07.2017]

§ 237[57]. Proceedings

[Repealed - RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[58]. Violation of obligation to ensure compliance with requirements in force with regard to grant of authorisations

(1) The violation of obligation to ensure compliance with requirements for granting an authorisation of an investment firm, data reporting services provider or regulated market operator provided for in this Act or other legislation
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[59]. Violation of obligation to notify the Supervision Authority in relation to cross-border provision of services, establishment of branches and use of investment agents

(1) The violation of requirements for notification of the Supervision Authority in relation to the provision of investment services or ancillary services in a foreign state, use of investment agents or change in the data of investment firms
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[60]. Violation of requirements for managers and employees of investment firms, regulated market operators and data reporting services providers and requirements for remuneration thereof

(1) The violation of requirements for election, competence and activities of managers of investment firms, regulated market operators or data reporting services providers, other requirements for them, requirements for employees or requirements for remuneration of managers or employees
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[61]. Violation of requirements for establishment and implementation of measures to ensure continuity and regularity of operations and for outsourcing of important operational functions and operations

(1) The violation of requirements for establishment or implementation of legal, technical and organisation measures to ensure continuity and regularity of the provision of investment services or for outsourcing of important operational functions or operations
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[62]. Violation of requirements for manufacture and distribution of securities

(1) The violation of requirements for manufacture or distribution of securities
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[63]. Violation of requirements for algorithmic trading and provision of direct electronic access

(1) The violation of requirements for algorithmic trading or provision of direct electronic access to a trading venue
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[64]. Non-conformity of information submitted upon transmitting orders to other investment firms

(1) The submission of incorrect, inaccurate or incomplete information upon transmitting orders on behalf of clients to other investment firms for the provision of investment services or ancillary services if damage is caused thereby
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[65]. Violation of requirements for appointment, registration and use of investment agents

(1) The violation of requirements for appointment, registration or use of investment agents
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[66]. Violation of organisational requirements for data reporting services providers

(1) The violation of organisational requirements for data reporting services providers
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[67]. Violation of organisational requirements for operators of trading venues

(1) The violation of organisational requirements for operators of trading venues, requirements for ensuring resilience of systems or for liquidity providers, an obligation to establish temporary circuit breakers or requirements for management of the financial risk or other organisational requirements
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[68]. Violation of obligation to establish tick sizes and synchronise clocks

(1) The violation of an obligation to establish tick sizes or synchronise clocks
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[69]. Violation of requirements for admission to trading and suspension and termination of trading

(1) The violation of requirements for admission to trading or for suspension or termination of trading
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[70]. Violation of additional requirements for operation of multilateral trading facility and organised trading facility

(1) The violation of requirements for operation of a multilateral trading facility or an organised trading facility, for trading in such facilities or an obligation to implement legal, technical and organisational measures required to comply with the conditions of considering a facility as a growth market
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[71]. Violation of obligation to establish supervisory measures in trading venues and to exercise supervision

(1) The violation of an obligation to establish supervisory measures in trading venues, to exercise supervision over the compliance with rules and regulations or to monitor conclusion of transaction or placing of orders
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[72]. Violation of obligation to comply with position limits in commodity derivatives, to manage positions, to disclose reports on aggregate positions and notify operators of trading venues of positions

(1) The violation of an obligation to comply with position limits in commodity derivatives, to manage positions, to disclose reports on aggregate positions or notify operators of trading venues of positions
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[73]. Prohibition on non-discretionary access to regulated market, services of central counterparties and securities settlement system

(1) The violation of an obligation to provide non-discretionary access to a regulated market for persons wishing to participate in the regulated market or to services of central counterparties for investment firms of other Member States or to a securities settlement system
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[74]. Violation of obligation to trade in trading venues

(1) The violation of requirements provided for in Article 23(1) and (2) or Article 28(1) and (2) of Regulation (EU) No 600/2014 of the European Parliament and of the Council
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[75]. Violation of obligation of settlement (clearing) of transactions in derivatives through central counterparties and requirements for indirect settlement (clearing)

(1) The violation of obligations provided for in Article 29(1) and (2) or Article 30(1) of Regulation (EU) No 600/2014 of the European Parliament and of the Council
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[76]. Violation of obligation to keep and make public records of portfolio compression

(1) The violation of an obligation to make records public provided for in Article 31(2) of Regulation (EU) No 600/2014 of the European Parliament and of the Council or requirements for registration and keeping of records specified in Article 31(3)
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[77]. Prohibition on non-discretionary access to services of central counterparties, trading information of trading venues, trading venues and benchmarks

(1) The violation of obligations provided for in Article 35(1)–(3), Article 36(1)–(3) or Article 37(1) and (3) of Regulation (EU) No 600/2014 of the European Parliament and of the Council
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[78]. Failure to comply with prohibition and restriction established in connection with distribution of securities and financial activity and practice

(1) The violation of the obligation provided for in Articles 40–42 of Regulation (EU) No 600/2014 of the European Parliament and of the Council
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 30.12.2017, 3 - entry into force 03.01.2018]

§ 237[79]. Proceedings

[Repealed - RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 237[80]. Violation of requirements of Regulation (EU) 2017/2402 of the European Parliament and of the Council

(1) Infringements specified in Article 32(1) of Regulation (EU) 2017/2402 of the European Parliament and of the Council
are punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 237[81]. Violation of obligation of proxy advisors to disclose information

(1) The violation of an obligation of a proxy advisor to disclose information
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 237[82]. Violation of requirements to prepare and publish remuneration reports

(1) The violation of requirements to prepare and publish remuneration reports
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 237[83]. Proceedings

Extra-judicial proceedings concerning the misdemeanours specified in this Chapter shall be conducted by the Supervision Authority.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 238.–§ 262.[Repealed - RT I 2002, 63, 387 - entry into force 01.09.2002]

Part 7

IMPLEMENTATION OF ACT

Chapter 26
IMPLEMENTING PROVISIONS

§ 263. Repeal of Act

[Omitted from this text.]

§ 264. Validity of authorisations

(1) Authorisations of professional securities market participants which are valid at the time this Act enters into force shall remain valid until the expiry of their term of validity or until they are revoked pursuant to the procedure prescribed in this Act.

(2) The provisions of this Act regarding investment firms shall apply to securities brokers prescribed in the Securities Market Act which is valid until the entry into force of this Act.

§ 265. Bringing activities into compliance

(1) Professional securities market participants which hold a valid authorisation at the time this Act enters into force shall bring their activities and documents into compliance with the provisions of this Act within six months as of the entry into force of this Act, unless otherwise prescribed in subsection (2) of this section.

(2) The share capital of professional securities market participants which hold a valid authorisation at the time this Act enters into force shall be at least 125,000 euros by 1 June 2002 at the latest and shall meet the requirements prescribed in clause 93 (1) 2) and subsection 152 (1) of this Act by 1 June 2003 at the latest.

(3) The notification requirement provided for in § 91 of this Act applies to investment firms as of 1 January 2004.
[RT I 2002, 102, 600 - entry into force 26.12.2002]

§ 265[1]. Transitional provisions upon calculation of prudential norms after entry into force of version passed on 24 October 2007

[RT I 2007, 58, 380 - entry into force 19.11.2007]

(1) The permissions regarding the calculation of prudential ratios granted by the Supervision Authority before 31 December 2008 remain in force to the extent in which they are not contrary to this Act and legislation issued on the basis thereof.
[RT I 2008, 31, 193 - entry into force 09.07.2008]

(2) Until 31 December 2008, an investment firm may apply the legal provisions in force before the entry into force of the version passed on 24 October 2007 upon calculation of risk-weighted assets.
[RT I 2008, 31, 193 - entry into force 09.07.2008]

(3) Until 31 December 2010, the prudential norms provided by this Act do not apply to investment firms whose main activity is trading in the securities specified in subsection 2 (11) of this Act or provision of other investment services related to such securities.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

(4) In the part not specified in this section, the transitional provisions established by §§ 141[1]–141[4] of the Credit Institutions Act apply to investment firms upon calculation of capital requirements and own assets.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 265[2]. Validity of authorisations after entry into force of version passed on 24 October 2007

(1) Investment firms, credit institutions and management companies holding an authorisation valid at the time of entry into force of the version passed on 24 October 2007 must submit a notice which sets out the investment services and ancillary services specified in subsection 43 (1) and § 44 of this Act provided thereby to the Supervision Authority not later than within six months after the entry into force of the version passed on 24 October 2007.

(2) After submission of the notice specified in subsection (1) of this section, the investment firms, credit institutions and management company may only provide the investment services and ancillary services specified in that notice unless they have been granted permission to provide such services.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 265[3]. Bringing into conformity of activity related to provision of investment services with version passed on 24 October 2007

(1) Investment firms, credit institutions, operators of regulated markets and management companies are required to bring their activity into conformity with the requirements of the version passed on 24 October 2007 (hereinafter in this section *this version*) by the time this version enters into force.

(2) Investment firms, credit institutions and operators of regulated markets shall bring their activity which is equivalent to operating a multilateral trading facility into conformity with the requirements of this version by the time this version enters into force.

(3) Investment firms, credit institutions and management companies shall bring their activity which is equivalent to investment consultation into conformity with the requirements of this version by the time this version enters into force.

(4) If, before the entry into force of this version, a market operator engaged in an activity equivalent to the operation of a multilateral trading facility, the Supervision Authority shall grant such operator an authorisation for the operating a multilateral trading facility based on a corresponding application submitted before 31 July 2008 without applying the procedure for application for an additional authorisation, provided that the activity of the operator of the market is in conformity with the requirements of this version.

(5) If, before the entry into force of this version, an investment firm, credit institution or management company engaged in an activity equivalent to investment consulting, the Supervision Authority shall grant such person an authorisation for investment consulting based on a corresponding application submitted before 31 July 2008 without applying the procedure for application for an additional authorisation, provided that the activity of the investment firm, credit institution or management company is in conformity with the requirements of this version.

(6) The provisions of subsection 134 (3) of this Act do not apply to the market participants and remote participants who participated in the market already before the entry into force of this version.

(7) If an investment firm, credit institution or management company, using assessment methods based on the expertise, experience and knowledge of clients has classified a client as an professional client before the entry into force of this version, then such classification shall remain valid also after the entry into force of this version. The investment firms, credit institutions and management companies shall inform their clients of the prerequisites for classification as retail client, professional client or eligible counterparty and of the possibility to change their classification.
[RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 265[4]. Bringing into conformity by version passed on 24 October 2007 of activities related to regulated information

(1) [Repealed - RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(2) The issuers specified in Article 9 of Regulation No 1606/2002/EC of the European Parliament and of the Council are not required, during the financial year that started in 2006, to perform the obligation provided in subsection 18411 (3) of this Act to publish financial statements in conformity to Regulation No 1606/2002/EC of the European Parliament and of the Council.

(3) An issuer whose registered office is in a third country and whose home Contracting State is Estonia pursuant to this Act is not required to prepare the financial statements specified in §§ 184[10]and 184[11]of this Act pursuant to the specified sections, if such issuer prepares its financial statements in conformity to the internationally accepted standards specified in Article 9 of Regulation (EC) No 1606/2002 of the European Parliament and of the Council.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

(4) An issuer whose home Contracting State is Estonia pursuant to this Act is not required, within a period of ten years beginning from 1 January 2005, to observe the provisions of § 184[11]of this Act with respect to debt securities of these debt securities have been admitted to trading on a regulated market of a Contracting State before 1 January 2005 or, if the home Contracting State had decided to apply, at the time of admission of such debt securities to trading, the derogation provided by the legislation established based on Article 27 of the Prospectus Directive to such issuer.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

§ 265[5]. Bringing activities and documents of investment firms and issuers of shares into conformity with version of this Act passed on 23 February 2011

(1) Investment firms and issuers of shares are required to bring their activities and documents into conformity with the requirements provided for in § 79[1], subsection 85 (2), subsection 85[3](1) and § 135[2]of the version of this Act passed on 23 February 2011 by 30 June 2011 at the latest. Until bringing into conformity with the aforementioned version, the activities and documents of investment firms and issuers of shares shall comply with regard to the aforementioned requirements with the legislation in force until the entry into force of the said version.

(2) The term specified in subsections 109 (3) and 110 (1) of this Act for submission and disclosure of the annual reports and documents shall not apply to the documents of investment firms prepared for 2010. The submission and disclosure of the annual reports and documents prepared for 2010 shall be governed by the terms in force until the entry into force of the version specified in subsection (1) of this section.
[RT I, 24.03.2011, 1 - entry into force 03.04.2011]

§ 265[6]. Application of wording of this Act which entered into force on 1 July 2012 to activities and documents related to public offers and prospectuses

(1) The law in effect prior to 1 July 2012 shall apply to prospectuses, the application for the registration of which has been filed with the Supervision Authority and which the Supervision Authority has not registered prior to 1 July 2012, unless otherwise provided for in this section.

(2) The law in effect as of 1 July 2012, which stipulates the following obligations, shall apply to the obligations of issuers, offerors and persons asking for admission to trading, which arise from the law in effect prior to 1 July 2012, including the obligations pertaining to the registration of a prospectus. The provisions of the first sentence of this subsection shall also apply to the investor's right to demand to cancel the subscription or repurchase the securities provided for in subsections 35 (2) and (3) of this Act.
[RT I, 28.06.2012, 5 - entry into force 01.07.2012]

§ 265[7]. Transitional provisions upon application of § 184[4]

(1) The obligation to disclose the choice of the home Contracting State provided for in subsection 184[4](1) of this Act shall not apply if an issuer choses Estonia as the home Contracting State pursuant to § 13[1]of this Act and notify the Supervision Authority of such choice before 27 November 2015, excluding if the issuer chooses a new home Contracting State after 27 November 2015.

(2) If an issuer's securities have been admitted to trading on a regulated market in Estonia before 27 November 2015 and the issuer has not disclosed the choice of the home Contracting State before 27 November 2015, the running of the three-month term provided for in subsection 184[4](2) of this Act shall commence as of 27 November 2015.
[RT I, 14.11.2015, 1 - entry into force 24.11.2015]

§ 265[8]. Transitional provision upon application of subsection 15 (6) of this Act

Until the establishment of the legal act specified in subsection 15 (6) of this Act, the provisions of the legal act specified in subsection 17 (4) of this Act, which was valid until entry into force of the version of this Act passed on 13 November 2019, shall apply.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

§ 266. Application for permission for qualifying holding

(1) A person who has acquired a qualifying holding provided for in § 73 of this Act and who does not have permission for the qualifying holding as provided for in the same section shall apply for permission in accordance with this Act within six months as of the entry into force of this Act.

(2) If a person does not perform the obligation prescribed in subsection (1) of this section, the person shall transfer the holding in excess of the threshold specified in § 73 of this Act by 31 May 2002. As of 1 June 2002, the person may not use the voting rights arising from such holding.

§ 267. [Repealed - RT I 2010, 22, 108 - entry into force 01.01.2011]

§ 268. Takeover bid committee

(1) Until 1 September 2002, the approval of takeover bid and grant of exceptions shall be within the exclusive competence of the committee approving takeover bids which operates at an exchange operator appointed by the Supervision Authority (hereinafter *takeover bid committee*).

(2) The takeover bid committee has the right to demand information from the offeror and target issuer regarding the takeover bid.

(3) Damage caused by the takeover bid committee in the course of its activities shall be compensated by the state on the bases and pursuant to the procedure prescribed by legislation. The state has the right of recourse in the case of compensating damage.

(4) The organisational structure, rights and obligations of the takeover bid committee shall be set out in the rules and regulations of the operator of the exchange.

§ 269. Composition of takeover bid committee

(1) The takeover bid committee shall consist of five members, of which three are appointed by the operator of the exchange and two by the chairman of the management board of the Supervision Authority. The members of the takeover bid committee shall elect the chairman of the committee from among themselves who shall co-ordinate the activities of the committee.

(2) A member of the takeover bid committee shall not participate in deciding on the approval of a takeover bid or the grant of an exception if he or she is directly or indirectly interested in the outcome or if there are justified doubts as to his or her impartiality.

(3) If a member of the takeover bid committee cannot participate in person in the work of the takeover bid committee because of the existence of circumstances set out in subsection (2) of this section or due to any other extraordinary circumstances, the operator of the exchange or the chairman of the management board of the Supervision Authority who appointed the member shall appoint a replacement for him or her.

(4) Members of the takeover bid committee are required to maintain indefinitely the confidentiality of any confidential information obtained by reason of their activities in the takeover bid committee, unless the disclosure of confidential information is prescribed by law.

§ 270. Resolution of takeover bid committee

(1) Each member of the takeover bid committee has one vote. Members do not have the right to refuse to vote or abstain, except in cases where they may not participate in the voting because of a conflict of interests.

(2) A resolution of the takeover bid committee is adopted if at least three members of the takeover bid committee vote in favour.

§ 271. Supervision of takeover bids

(1) Until 1 September 2002, an operator of an exchange appointed by the Supervision Authority shall monitor the compliance of takeover bids with legislation in co-operation with the Supervision Authority and shall advise and provide services to the takeover bid committee.

(2) Subject to approval by the Supervision Authority, an operator of an exchange specified in subsection (1) of this section has the right to establish a service fee on an offeror for carrying out the procedure of approving a takeover bid and to cover the operating costs of its takeover bid committee.

§ 272. Special rules applicable to securities settlement system operators

[Repealed - RT I, 26.06.2017, 1 - entry into force 06.07.2017]

§ 272[1]. Bringing activities and documents of investment firms into conformity with version of this Act passed on 16 April 2014

In the implementation of subsection 94 (1) of the version of this Act passed on 16 April 2014, the investment firms shall be governed by the provisions of subsections 141[9](1)–(3), (5) and (6) of the Credit Institutions Act. [RT I, 09.05.2014, 2 - entry into force 19.05.2014]

§ 272[2]. Bringing activities and documents of investment firms into conformity with version of this Act passed on 19 December 2018

Investment firms are required to bring their activities and documents into conformity with the requirements provided for in the version of this Act passed on 19 December 2018 by 31 May 2019.
[RT I, 10.01.2019, 1 - entry into force 20.01.2019]

§ 272[3]. Application of clauses 135[2](9) 3)–6) and subsections 135[2](11) and (12) and §§ 135[3]and 135[4]of this Act

Clauses 135[2](9) 3)–6) and subsections 135[2](11) and (12) and §§ 135[3]and 135[4]of this Act shall apply from the financial year of an issuer of shares following 31 December 2020.
[RT I, 04.12.2019, 1 - entry into force 14.12.2019]

Chapter 27
AMENDMENTS TO OTHER ACTS

§ 273.–§ 276.[Omitted from this text]

Chapter 28
ENTRY INTO FORCE OF ACT

§ 277. Entry into Force of Act

(1) This Act enters into force on 1 January 2002.

(2) Sections 38, 64, 65 and 69 and subsections 70 (2)–(4) enter into force upon Estonia's accession to the European Union.

(3) Clause 230 (1) 6) of this Act enters into force on 3 January 2018.
[RT I, 07.04.2017, 2 - entry into force 17.04.2017]

[1]Directive 98/26/EC of the European Parliament and of the Council on settlement finality in payment and securities settlement systems (OJ L 166, 11.6.1998, p. 45–50), as last amended by Directive 2010/78/EU (OJ L 331, 15.12.2010, p. 120–161); Directive 2002/87/EC of the European Parliament and of the Council on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC, and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council (OJ L 35, 11.2.2003, p. 1–27), as last amended by Directive 2013/36/EU (OJ L 176, 27.6.2013, p. 338–436); Directive 2004/25/EC of the European Parliament and of the Council on takeover bids (OJ L 142, 30.4.2004, p. 12–23), as last amended by Regulation (EC) No 219/2009 (OJ L 87, 31.3.2009, p. 109–154); Directive 2004/109/EC of the European Parliament and of the Council 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 L 390, 31.12.2004, p. 38–57), as last amended by Directive 2013/50/EU (OJ L 294, 6.11.2013, p. 13–27); Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338–436); Commission Directive 2007/14/EC laying down detailed rules for the implementation of certain provisions of Directive 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 L 69, 9.3.2007, p. 27–36), as last amended by Directive 2013/50/EU (OJ L 294, 6.11.2013, p. 13–27); Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349–496); Directive (EU) 2016/1034 of the European Parliament and of the Council amending Directive 2014/65/EU on markets in financial instruments (OJ L 175, 30.6.2016, p. 8–11); Commission Delegated Directive (EU) 2017/593 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits (OJ L 87, 31.3.2017, p. 500–517); Directive (EU) 2017/828 of the European Parliament and of the Council amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (OJ L 132, 20.5.2017, p. 1–25). [RT I, 04.12.2019, 1 - entry into force 14.12.2019]