

**17 Annex - Economic and monetary policy**

**137. LAW ON TAKEOVER OF JOINT STOCK COMPANIES**

Pursuant to Article 88, item 2 of the Constitution of the Republic of Montenegro I hereby pass the

**DECREE**

**PROMULGATING THE LAW ON TAKEOVER OF JOINT STOCK COMPANIES**

**(Official Gazette of the Republic of Montenegro 81/05 of 29 December 2005)**

I hereby promulgate the Law on Takeover of Joint Stock Companies adopted by the Parliament of the Republic of Montenegro at the third sitting of the second ordinary session in 2005, held on 27 December 2005.

Number: 01-1346/2

Podgorica, 29 December 2005

President of the Republic of Montenegro

Filip Vujanovic, m.p.

**LAW ON TAKEOVER OF JOINT STOCK COMPANIES**

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**I Basic Provisions**

**Article 1**

This Law shall regulate the conditions, manner and procedure for the takeover of joint stock companies that are issuers of securities, the conditions for giving a public takeover bid, and rights and obligations of the participants in the takeover procedure.

**Article 2**

Certain terms used in this Law shall have the following meaning:

1. "Issuer" shall mean a joint stock company registered in the Registry of Issuers with the Securities Commission (hereinafter referred to as: the Commission);
2. "Securities" shall mean voting shares and bonds that can be exchanged for voting shares (convertible bonds) – (hereinafter referred to as: the shares);
3. "Related persons" shall mean the persons who are related to each other through:
4. Blood relationship in a lineal line regardless of the degree and in a collateral line up to the second degree, in-law relationship up to the first degree, as well as adoptive parent and adoptee;
5. Wedlock or out of wedlock;
6. Management or capital, so that one or more persons together have interests, shares or other rights on the basis of which they participate in management of the other person with at least 40% of the voting rights;
7. Management or capital, so that one person has with two or more persons interests, shares or other rights on the basis of which they participate in the management of each of those persons with at least 40% of the voting rights;
8. Conclusion of the contract to jointly act towards the issuer;
9. "Acquirer" shall mean a legal or natural person that acquires or intends to acquire over 40% of the issuer's voting shares;

10. "Authorized participants at securities market" shall mean legal persons carrying out transactions with securities in accordance with the provisions of the law governing securities (hereinafter referred to as: the authorized participant).

### **Article 3**

This Law shall not apply to the following:

1. privatization procedures conducted in accordance with the regulations governing the privatization of the economy;
2. persons who acquired over 40% of voting shares of an issuer prior to the effective day of this Law through privatization procedure or in another manner;
3. acquisition of shares of banks and insurance companies unless otherwise determined by law;
4. unpaid shares issued in accordance with the Law on Ownership and Management Transformation (Official Gazette of the Republic of Montenegro 2/92, 17/92, 59/92, 4/93, 27/94, 30/94 and 23/96).

### **Article 4**

Persons that own more than 40% of voting shares of the issuer from the effective day of this Law shall be obliged to publish a takeover bid for every further acquisition of shares of that issuer.

An acquirer that once carries out a takeover procedure may continue to acquire shares of the same issuer.

## **II Public Takeover Bid**

### **Article 5**

The acquirer, who independently or with a related person, acquires shares of the issuer, which together with the number of shares already held, constitute more than 40% of the total number of the votes of the issuer, shall be obliged to inform the issuer and the Commission on adoption of the decision on takeover (hereinafter referred to as: the Decision) at the latest within two business days from the day of acquiring the voting shares.

The day of acquiring the shares of the issuer shall be considered to be the day of registration of shares at the acquirer's account with the Central Depository Agency (hereinafter referred to as: the CDA).

The acquirer who does not own shares of the issuer or has not acquired more than 40% of the total number of voting shares of the issuer, but intends to acquire shares exceeding that amount, shall inform the issuer and the Commission on adoption of the decision on takeover.

The acquirer shall be obliged to publish the decision referred to in paragraphs 1 and 3 of this Article in no less than two daily printed media distributed on the whole territory of the Republic of Montenegro (hereinafter referred to as: the Republic) within four business days following the day of acquiring the shares.

The CDA must inform, within two business days from the day of registration of these shares in the acquirer's account, the acquirer, the Commission, the issuer and authorized participants on acquisition of shares by which the number of votes exceeding 40% of the total number of votes in one issuer is acquired.

Authorized participant must not receive the orders from the acquirer for purchasing the issuer's shares following the receipt of the notification referred to in paragraph 5 of this Article.

### **Article 6**

The acquirer shall be obliged to submit to the Commission a request for approving a public bid for purchasing the shares for the purpose of takeover of the issuer (hereinafter referred to as: the public takeover bid), within eight days from the day of publishing the decision referred to in Article 5, paragraph 4 of this Law.

#### **Article 7**

The acquirer shall not be obliged to carry out a takeover procedure when it:

1. acquires the issuer's shares based on a public offering for subscription and payment of shares on the occasion of increasing the share capital of the issuer;
2. intends to divest of the surplus shares exceeding 40% of voting shares, or surplus exceeding the number of shares held on the effective day of this Law, within 45 days from the day of receiving the notification referred to in Article 5, paragraph 5 of this Law;
3. acquires surplus shares exceeding 40% in the restructuring procedure of the issuer;
4. acquires issuer's shares as a bankruptcy creditor in the bankruptcy procedure of the issuer;
5. acquires issuer's shares based on inheritance.

The acquirer that does not divest of the surplus shares within the deadline referred to in paragraph 1, item 2 of this Article, shall be obliged to submit a request for approving the public takeover bid to the Commission within 8 days from the day of expiration of that deadline, or offer the shares for sale on a Stock Exchange, at the maximum price that is equal to the half of the average price of the issuer's shares on Stock Exchanges in the Republic during the six-month period prior to receiving the notification referred to in Article 5, paragraph 5 of this Law.

The acquirer referred to in paragraph 2 of this Article must not acquire voting shares of the issuer prior to divestiture of the surplus shares.

#### **Article 8**

The voting shares in the issuer exceeding 40%, or exceeding the percentage held on the effective day of this Law shall not entitle the acquirer to vote until he implements the public takeover bid procedure in accordance with this Law, or until it divests of the surplus shares in accordance with Article 7, paragraph 1, item 2 of this Law.

#### **Article 9**

The acquirer of shares submitting the public takeover bid cannot, independently or through a related person, buy or sell or acquire in any other manner shares subject to the bid, from the day of submitting the notification to the Commission in accordance with Article 5 of this Law to the day of publishing the public takeover bid results.

Authorized participants must not receive the acquirer's orders to purchase or sell the shares subject to the acquirer's public takeover bid within the deadline referred to in paragraph 1 of this Article.

#### **Article 10**

From the day of receiving the notification referred to in Article 5, paragraph 5 of this Law until the publication of results of the public takeover bid, the issuer whose shares are subject to the public takeover bid may neither increase share capital by issuing new shares on any ground, nor adopt any other decisions which would substantially change the conditions existing at the time when the acquirer adopted the decision to implement the takeover, unless otherwise decided by the issuer's general meeting of shareholders.

If the general meeting of shareholders adopted the decisions referred to in paragraph 1 of this Article prior to receiving the notification referred to in Article 5 paragraph 5 of this Law and did not implement them up to that deadline, it shall be obliged to confirm them.

The decisions adopted or implemented contrary to paragraphs 1 and 2 of this Article shall be null and void.

Within the deadline referred to in paragraph 1 of this Article, the issuer's competent body cannot do the following without a decision of the general meeting of shareholders:

1. Conclude transactions outside the regular operations of the issuer;
2. Perform the activities or conclude transactions that could significantly jeopardize further operations of the issuer;
3. Acquire its own shares (stock buyback), or its own securities carrying the right to conversion or acquisition of its own shares;
4. Perform the activities aiming at disturbing or impeding the acceptance of the public takeover bid.
5. Legal transactions concluded contrary to paragraph 4 of this Article shall be null and void.

### **III Conditions for Implementing the Public Takeover Bid**

#### **Article 11**

The acquirer shall be obliged to do the following during the implementation of the public takeover bid procedure:

1. give the public takeover bid to all owners of the voting shares without limiting the number or percentage of shares;
2. Ensure that the duration of the public takeover bid is no less than 15 and no longer than 60 days from the day of publication of the takeover prospectus;
3. Buy all offered shares upon the conclusion of the public takeover bid;
4. Pay the same price for all shares registered in the procedure for implementing public takeover bid.

#### **Article 12**

The price for purchasing shares shall be determined by public takeover bid in the following manner:

1. The lowest offered price cannot be lower than the highest price at which the acquirer acquired the issuer's shares on the Stock Exchange during the period of six months prior to notifying the Commission in accordance with Article 5 of this Law;
2. If the acquirer did not acquire the issuer's shares within the period of six months prior to notifying the Commission in accordance with Article 5 paragraph 5 of this Law, it shall be obliged to offer at least the average price of the issuer's shares achieved on the Stock Exchanges in the Republic during the last six months prior to the publication of the bid;
3. If that share has not been traded on a Stock Exchange within the period of six months prior to notifying the Commission in accordance with Article 5 paragraph 5 of this Law, the acquirer shall determine freely the price it offers for the shares.

The average price of the shares referred to in Article 7, paragraph 2 of this Law and paragraph 1, item 2) of this Article shall be determined by dividing the total value of all transactions with these shares on Stock Exchanges, within the prescribed deadline, by the total number of shares subject to those transactions.

The acquirer may neither reduce the offered price nor change the established manner and deadline for payment, by the public takeover bid, but may increase the offered price, provided that he must pay the same price for each share of the same class.

Payment of shares bought in the public takeover bid procedure may be made only in cash.

#### **Article 13**

Shares of the shareholder who accepts the public takeover bid shall be deposited in a special account with the CDA.

The CDA shall be obliged to provide that the owner of the shares, who accepted the acquirer's bid, may, until the termination of the public takeover bid, withdraw and accept again the given bid.

#### **Article 14**

The acquirer cannot change the conditions from the public takeover bid while the bid is open, except in the cases referred to in Article 12 paragraph 3 of this Law and competing bid.

The acquirer cannot vote or use other rights arising from the shares that are subject to the public takeover bid prior to the purchase of the shares.

#### **Article 15**

Prior to the publication of the takeover prospectus, the acquirer must conclude a contract with the CDA on recording or depositing of the shares subject to the acceptance of the public takeover bid.

When concluding the contract referred to in paragraph 1 of this Article, the acquirer shall be obliged to submit to the CDA the data necessary for the preparation and performance of the activities regarding the recording of shares, data on the manner in which the takeover prospectus will be published, as well as other data requested by the CDA.

Prior to submitting the request for approving the public takeover bid, the acquirer must deposit the funds for payment of all the shares subject to the public takeover bid in a separate account with the CDA, or submit an adequate bank guarantee.

The acquirer shall be obliged to pay the shares acquired on the basis of the public takeover bid within three business days from the day of terminating the public takeover bid procedure.

### **IV Procedure regarding Implementation of the Public Takeover Bid**

#### **Article 16**

The acquirer may conduct the public takeover bid independently or through an authorized participant.

#### **Article 17**

The Commission shall approve the public takeover bid of the issuer, at the acquirer's request.

The request referred to in paragraph 1 of this Article shall especially contain the following:

1. First name, last name, permanent residence, ID card number and personal identification number of the natural person – the acquirer, or name, head office and unique identification number of the legal person – the acquirer;
2. Name and head office of the issuer;
3. Total number of voting shares issued by the issuer;

4. Number of voting shares of the issuer held by the acquirer, with a percentage of the share in the total number of the issuer's voting shares;
5. Number of voting shares subject to the public takeover bid;
6. Opening and closing dates of the public takeover bid;
7. Offered price of shares;
8. Manner and place for submitting the public takeover bid acceptance;
9. Purpose of the bid, or management policy that the acquirer intends to implement in case of taking over the issuer;
10. Data on financing sources for the proposed purchase (cash or a bank guarantee deposited with the CDA).
11. The acquirer shall submit the following in addition to the request for approving the public takeover bid:
12. Proposal of the takeover prospectus;
13. A proof of depositing the cash or a bank guarantee with the CDA for payment of the shares subject to the bid;
14. A preliminary contract with the CDA on recording the shares deposited during implementation of the public takeover bid procedure;
15. A confirmation from the CDA that the price in public bid is established in accordance with Article 12, paragraph 1, items 1) and 2) of this Law;
16. Authorization for a person who will cooperate with the Commission in the request consideration procedure;
17. Other documents requested by the Commission.

The acquirer referred to in Article 5, paragraph 3 of this Law may determine by the prospectus the minimum number of shares for takeover in a public bidding procedure, for a public bidding to be considered successful.

The minimum number of shares referred to in paragraph 4 of this Article cannot be greater than 40% of the total number of shares of the issuer.

### **Article 18**

If the request for approving the public takeover bid or submitted documentation is incomplete, the Commission shall, within 15 days from the day of receiving the request, inform the acquirer on the deficiencies and leave a deadline for these deficiencies to be removed.

If the acquirer does not remove the noticed deficiencies within the specified deadline, the Commission shall reject the request for approving the public takeover bid.

The acquirer may submit a new request for approving the public takeover bid upon expiration of 30 days from the day of receiving the Commission's conclusion on rejecting the request.

The acquirer shall be obliged to publish the notification stating that the request for approving the public takeover bid is rejected no later than two days from the day of receiving the Commission's conclusion to reject the request, in the daily printed media where the decision on takeover was published.

The Commission shall decide, in the form of a decision, on the request for approving the public takeover bid, within 30 days from the day of submitting a proper request.

If the Commission does not adopt the decision within the deadline referred to in paragraph 5 of this Article, it shall be considered that a public bid is approved. The Commission shall bear the burden of proof that the bid has not been approved.

## **V Takeover Prospectus**

### **Article 19**

A takeover prospectus may be published after the Commission gives the approval to the public takeover bid.

The acquirer shall be obliged to publish the takeover prospectus within three business days from the day of receiving the decision of the Commission referred to in Article 18 paragraph 5 of this Law, in at least two daily printed media distributed on the whole territory of the Republic.

The acquirer shall be obliged to submit the takeover prospectus to the issuer and the CDA within the deadline referred to in paragraph 2 of this Article.

The acquirer shall be obliged to inform the Commission on the publication of the takeover prospectus no later than three days from the day of its publication in accordance with paragraph 2 of this Article.

### **Article 20**

If the acquirer does not publish the takeover prospectus in the manner and within the deadline determined in Article 19 of this Law, he shall be obliged to inform the Commission on the reasons for withdrawing from the public takeover bid.

### **Article 21**

The takeover prospectus shall especially contain:

1. First name, last name, permanent residence, ID card number and personal identification number for natural person – the acquirer, or name, head office and unique identification number of the legal person – the acquirer;
2. Total number of voting shares issued by the issuer;
3. Number of voting shares of the issuer held by the acquirer, with a percentage of the share in the total number of the issuer's voting shares;
4. Number of voting shares subject to the public takeover bid;
5. Opening and closing dates for the public takeover bid;
6. Offered price of shares;
7. Manner and place for submitting the public takeover bid acceptance;
8. Purpose of the bid, or the management policy that the acquirer intends to implement in case of taking over of the issuer;
9. Data on financing sources for the proposed purchase (cash or a bank guarantee deposited with the CDA).

### **Article 22**

If incorrect data are stated in the takeover prospectus, the persons responsible for its issuing or who participated in its drafting shall be jointly and severally liable for the damage incurred to the owners of shares subject to the takeover bid, if they knew or should have known that the data were incorrect.

The persons referred to in paragraph 1 of this Article shall also be jointly and severally liable for the damage if the takeover prospectus does not contain the data that might have impact on the decision of the owners of shares to accept the public takeover bid.

### **Article 23**



The managing body of the issuer may, within seven days from the day of the publication of the takeover prospectus, publish the explained opinion on the takeover bid in the manner in which the prospectus has been published.

A person who is a direct participant in the public takeover bid shall not be entitled to participate in drafting of the opinion referred to in paragraph 1 of this Article.

The direct participant referred to in paragraph 2 of this Article shall be considered to be:

1. Acquirer;
2. Employee or a member of the managing body of the acquirer;
3. Person having ownership control over the acquirer;
4. Acquirer's investment advisor;
5. Spouse, children, parents and a member of the acquirer's household.

## **VI Recording of Shares Offered for the Purchase in the Public Takeover Bid Procedure**

### **Article 24**

The CDA shall be obliged to keep separate records on the shares subject to the public takeover bid acceptance, which especially contain the data on owners of the shares and the total number of offered shares.

The CDA shall be obliged to provide the information, at the acquirer's request, on the number of shares subject to the public takeover bid acceptance.

### **Article 25**

The owner of shares subject to the public takeover bid shall accept the bid of the acquirer by giving a written statement.

The statement referred to in paragraph 1 of this Article shall especially contain:

1. The number of the issuer's voting shares offered for sale;
2. First and last name, or name and head office of the owner of shares who accepts the offered bid;
3. The account number of the owner of the shares in which the CDA keeps the shares offered for sale;
4. The account number to which the payment of the purchase price of offered shares will be made;
5. Signature of the owner of the shares.

## **VII Securing the Payment of Shares Subject to Public Takeover Bid**

### **Article 26**

The acquirer shall be obliged to, until the day of submitting the request for approving the public takeover bid, deposit the amount of cash required for payment of the shares at the offered price in a separate account of the CDA.

The acquirer may, as a security, deposit with the CDA a bank guarantee, for the cash amount determined in paragraph 1 of this Article, obliging the bank to pay in the CDA account, at first call of the CDA and with no objection, the amount of guaranteed funds, with the validity period of at least 30 days after the expiration of the payment deadline determined by the public bid.

### **Article 27**

The acquirer cannot dispose of the cash referred to in Article 26 paragraph 1 of this Law prior to the termination of the procedure regarding the public bid for takeover of the issuer.

Upon the termination of the public takeover bid procedure, from the account in which the funds are deposited, the acquirer may dispose of surplus cash, in the amount that exceeds the funds necessary for the payment of shares purchased in the public takeover bid procedure.

### **VIII Purchase of Shares Subject to Public Takeover Bid**

#### **Article 28**

Purchase of shares subject to the public takeover bid shall not be done on Stock Exchange.

The transfer of ownership of the shares purchased in a public takeover bid procedure shall be done by the CDA, by transferring shares from a seller's account to the acquirer's account.

Cash of the acquirer shall be transferred from a special account in the CDA to the account of the owner who sold the shares in the public takeover bid procedure.

### **IX Results of Public Takeover Bid**

#### **Article 29**

The acquirer shall be obliged to submit to the Commission, within three days from the day of terminating the public takeover bid, a report on the results of the public takeover bid, which especially contains the following data:

1. First name, last name, permanent residence, number of ID card and personal identification number of a natural person – the acquirer, or name, head office and unique identification number of the legal person – the acquirer;
2. Number and date of approving the public takeover bid issued by the Commission,
3. Name and head office of the issuer of the shares and total number of issued voting shares;
4. Total number of shares subject to the public takeover bid;
5. Price paid per purchased share;
6. Total number of purchased shares in the public takeover bid procedure;
7. Percentage of the total number of the issuer's shares held by the acquirer upon the termination of the public takeover bid procedure.

Along with the report referred to in paragraph 1 of this Article, the acquirer shall be obliged to submit the statement from the CDA records on the total number of purchased shares in the public takeover bid procedure.

The Commission shall determine, in the form of a decision, the termination of the public takeover bid procedure, within eight days from the day of receiving the report referred to in paragraph 1 of this Article.

The Commission shall be obliged to submit the decision referred to in paragraph 3 of this Article to the acquirer and the CDA, no later than the following business day from the day of its adoption.

The acquirer shall be obliged to publish the public takeover bid results in the same manner as the takeover prospectus was published, within three days from the day of receiving the decision referred to in paragraph 3 of this Article.

#### **Article 30**

The CDA shall be obliged to execute the payment for shares to the owners and transfer the purchased shares from the accounts of the owners of shares to the account of the acquirer, no

later than three business days from the day of receiving the decision referred to in Article 29, paragraph 3 of this Law.

### **Article 31**

If the acquirer does not publish the takeover prospectus within the deadline referred to in Article 19 paragraph 2 of this Law, it shall be considered that he withdrew from the public takeover bid. The acquirer may submit another public bid for takeover of the same issuer upon the expiration of one-year deadline from the withdrawal day, during which period he cannot acquire the issuer's shares.

Upon the publication of the takeover prospectus, the acquirer may withdraw from the public takeover bid prior to expiration of the deadline for accepting the bid, only if:

1. Another person submits a competing bid;
2. The issuer's general meeting of shareholders adopts the decisions referred to in Article 10, paragraphs 1 and 2 of this Law;
3. Circumstances representing force majeure occur.

The acquirer shall be obliged to inform the Commission, the CDA and the issuer on the withdrawal from the public bid.

The acquirer shall be obliged to publish the withdrawal from the public takeover bid in the same manner as the takeover prospectus was published.

The Commission shall stop the public bid procedure referred to in paragraph 1 of this Article in the form of a conclusion.

The Commission shall cancel the approval for the public takeover bid referred to in paragraph 2 of this Article in the form of a decision.

## **X Obligatory Additional Purchase of Shares**

### **Article 32**

If the acquirer acquires more than 75% of voting shares of the issuer through the public takeover bid, the owners of the remaining voting shares shall be entitled to offer their shares to the acquirer for purchase, within 15 days from the day of publishing the public takeover bid results.

The acquirer shall be obliged to execute the payment for remaining offered shares, within three days from the day of expiration of the deadline referred to in paragraph 1 of this Article, under the same conditions as for the takeover.

The acquirer shall be obliged to inform the shareholder on the right referred to in paragraph 1 of this Article on the occasion of publishing results of the public takeover bid.

The acquirer of shares cannot dispose of the funds deposited in the account with the CDA that remain after the payment of shares in the public bid until the expiration of the deadline referred to in paragraph 1 of this Article.

The acquirer shall be obliged, upon the expiration of the deadlines referred to in paragraphs 1 and 2 of this Article, to submit to the Commission a final report on the number of shares offered for purchase in the public takeover bid procedure, along with the statement from the CDA records on the total number of shares sold through the public takeover bid procedure.

## **XI Competing Purchase Bid**

### **Article 33**

Competing takeover bid (hereinafter referred to as: competing bid) shall be the bid that may be submitted by any legal or natural person in accordance with this Law.

Competing bid may be submitted only upon the publication and during the duration of the public bid for takeover of the issuer's shares, and no later than 10 days prior to the expiration of the deadline for accepting the public takeover bid.

#### **Article 34**

A competing bid cannot be given by a person related to the person who submitted the public takeover bid, or by an authorized participant implementing the public bid procedure for the acquirer.

#### **Article 35**

The Commission shall decide on a competing bid at the latest until the expiration of the deadline for accepting the public takeover bid.

The deadline for accepting a competing bid may last from 15 to 60 days from the day of publishing the prospectus, provided that the deadline for accepting the public bid for takeover of the issuer shall be prolonged until the expiration of the deadline for accepting the competing bid.

During the competing bid duration, the acquirer and the competing bidder cannot alter the conditions from the bids, except for increasing the offered prices for the purchase of shares, by publication in the printed media in which the public i.e. the competing bid was published, and they shall be obliged to inform the Commission thereon.

The increase in the price referred to in paragraph 3 of this Article may be published only upon the provision of additional cash funds in the manner and under the conditions determined in Article 26 of this Law.

The acquirer and the competing bidder may increase the price for purchase of shares no later than ten days prior to expiration of the deadline for accepting the bids, by which time they are obliged to publish the final prices for purchase of shares in the printed media in which the public i.e. the competing bid was published, and if they fail to publish them, the final price shall be considered to be the last price that these persons published in the printed media.

The Commission shall publish together the final prices of the acquirer and the competing bidder in two daily printed media distributed on the whole territory of the Republic, no later than eight days prior to expiration of the deadline for accepting the bids.

### **XII Supervision**

#### **Article 36**

The Commission shall supervise the implementation of the public takeover bid.

If the Commission during supervision determines that the public takeover bid is not implemented in accordance with this Law, either during or upon the termination of the public takeover bid procedure, the Commission may:

1. Cancel the approval of the public takeover bid;
2. Stop further trading in shares that were subject to the public takeover bid;
3. Suspend the acquirer's possibility to use voting rights or other rights arising from such an acquisition of the shares,
4. Undertake other relevant measures to eliminate the established illegalities or irregularities, and to protect the owners of the shares.

### **XIII Punitive Provisions**

#### **Article 37**

A pecuniary fine in the amount from 50 fold to 300 fold of the minimum wage in the Republic shall be imposed for an offence on a legal person – the acquirer if it:

1. fails to inform the issuer and the Commission on the adoption of the decision on takeover no later than two business days from the day of acquiring voting shares (Article 5 paragraph 1);
2. fails to publish the decision on takeover, within four business days from the day of acquiring shares, in at least two daily printed media distributed on the whole territory of the Republic (Article 5 paragraph 4);
3. fails to submit a request to the Commission for approving the public takeover bid within the prescribed deadline (Article 6);
4. fails to divest of the surplus shares and fails to submit to the Commission the request for approving the public takeover bid within the prescribed deadlines, or fails to offer the shares for sale on Stock Exchange, at the maximum price that is equal to the half of the average price of the issuer's shares on Stock Exchanges in the Republic during the last six months (Article 7, paragraphs 1 and 2);
5. prior to divestiture of the surplus shares acquires the issuer's voting shares (Article 7 paragraph 3);
6. from the day of notifying the Commission to the day of publishing the public takeover bid results, independently or through a related person, purchases or sells, or in another manner acquires the shares subject to the takeover bid (Article 9 paragraph 1);
7. within two days from the day of receiving the Commission's conclusion on rejection of the request, fails to publish the notification that the request for approving the public takeover bid was rejected, in daily printed media, in which the decision on takeover was published (Article 18 paragraph 4);
8. fails to publish the takeover prospectus in at least two printed media distributed on the whole territory of the Republic within the prescribed deadline (Article 19 paragraph 2);
9. fails to submit the takeover prospectus to the issuer and the CDA, within the prescribed deadline (Article 19 paragraphs 2 and 3);
10. fails to inform the Commission on publication of the takeover prospectus within the prescribed deadline (Article 19 paragraphs 2 and 4);
11. fails to submit to the Commission the report on public takeover bid results within three days from the day of the termination of the public bid (Article 29 paragraph 1);
12. fails to publish the public takeover bid results within the prescribed deadline (Article 29 paragraph 5);
13. acquires the issuer's shares within a year from the day of withdrawing from the public takeover bid (Article 31 paragraph 1);
14. fails to inform the Commission, the CDA and the issuer on withdrawing from the public bid (Article 31 paragraph 3);
15. fails to publish the withdrawal from the public bid in the same manner in which the takeover prospectus is published (Article 31 paragraph 4).

A pecuniary fine from 10 fold to 20 fold of the minimum wage in the Republic shall be imposed on a responsible person in the legal person and natural person for the offence referred to in paragraph 1 of this Article.

### **Article 38**

A pecuniary fine from 50 fold to 300 fold of the minimum wage in the Republic shall be imposed for an offence on a legal person – the CDA, if it:

1. within two business days from the day of registration of the acquirer's shares acquiring the number of votes exceeding 40% of the total number of votes in one issuer, fails to inform on the acquisition the acquirer, the Commission, the issuer and the authorized participant (Article 5 paragraph 5);
2. fails to ensure that the owner of shares that accepted the acquirer's bid may, until the termination of the public takeover bid, withdraw and accept again the given bid (Article 13 paragraph 2);
3. fails to keep separate records on shares that are subject to acceptance of the public takeover bid (Article 24 paragraph 1);
4. at the request of the acquirer, fails to provide information on the number of shares that are subject to acceptance of the public takeover bid (Article 24 paragraph 2);
5. fails to execute the payment of shares to the owners or fails to transfer the purchased shares from the account of the owner of shares to the acquirer's account, within the prescribed deadline (Article 30).

A pecuniary fine from 10 fold to 20 fold of the minimum wage in the Republic shall be imposed also on a responsible person in the legal person – the CDA for the offence referred to in paragraph 1 of this Article.

#### **Article 39**

A pecuniary fine from 50 fold to 300 fold of the minimum wage in the Republic shall be imposed for an offence on a legal person – authorized participant, if it:

1. within the prescribed deadline, receives the order of the acquirer for purchase of the issuer's shares (Article 5 paragraphs 5 and 6);
2. within the prescribed deadline, receives the order of the acquirer for purchase or sale of shares for which the acquirer submitted the public takeover bid (Article 9 paragraph 2).

A pecuniary fine from 10 fold to 20 fold of the minimum wage in the Republic shall be imposed also on a responsible person in the legal person – authorized participant for the offence referred to in paragraph 1 of this Article.

### **XIV Transitional and Final Provision**

#### **Article 40**

Public takeover bid procedures initiated until the effective day of this Law shall be terminated in accordance with the regulations applicable until the effective day of this Law.

#### **Article 41**

This Law shall become effective on the eighth day after its publication in the Official Gazette of the Republic of Montenegro.