

On the basis of the Article 36 of the Articles of Association of the Ljubljana Stock Exchange the Management Board of the Ljubljana Stock Exchange, represented by the President of the Management Board dr. Marko Simoneti, and the member of the Management Board Andrej Šketa, adopted at its meetings held on January 31, 2005, May 23, 2005, June 21, 2005 and July 6, 2005, the following

RULES OF TRADING THE REPUBLIC OF SLOVENIA'S SECURITIES THROUGH DESIGNATED MARKET MAKERS

Ljubljana, July 6, 2005

Definitions

Article 1

For the purposes of these Rules of Trading,

1. "The RS Securities" means long term securities (the "Bonds") and short term securities (the "Treasury bills") issued by the Republic of Slovenia
2. "Trading the RS Securities through Designated Market Makers" means the trading of the RS Securities, available to general public through Designated Market Makers which are obliged to publish binding buy and sell offers on the website of Ljubljana Stock Exchange ("LJSE"), the trading being performed on the LJSE regularly every trading day and regulated by these Rules and monitored by LJSE and the Securities Market Agency.
3. "Trading Participants" means the Designated Market Makers and every legal or natural person executing trades with the RS Securities through the Designated Market Makers according to these Rules of Trading.
4. "Designated Market Maker" means a member of LJSE, fulfilling the criteria set by these Rules of Trading.
5. "LJSE Website" means a special LJSE website established by LJSE to provide for trading with the RS Securities through Designated Market Makers.
6. "KDD" means KDD Central Clearing and Deposit Corporation, Inc., Ljubljana.
7. "Record Date" means the date specified for a given security by the issuer, the Republic of Slovenia; from the record date onwards the entitlement to payments arising from such a security acquires legal independence in such a manner that it is no longer transferred to the new holder by the transfer of the security.
8. "Calculation Period" means a period in which the interests, arising from entitlement of the holder and from the obligation of the issuer of the underlying Bond, are accruing.
9. "Interest Period" and "Interest Payment Date" has the meaning defined in the prospectus of the Bonds traded.
10. "Seller's Registry Member" means the registry member of KDD maintaining the sellers' dematerialized securities account, to whose debit the order for Delivery versus Payment settlement shall be executed.
11. "Buyer's Registry Member" means the registry member of KDD maintaining the buyer's dematerialized securities account, to whose credit the order for Delivery versus Payment settlement shall be executed.
12. "Delivery versus Payment" means that the settlement of the order for a security transfer will only be debited to the seller's dematerialised securities account when the execution of the monetary amount transfer of the purchase price to the credit of the seller's account is secured.
13. "LJSE Rules" means the Rules of Ljubljana Stock Exchange Inc., Ljubljana.

Organized Trading of RS Securities through Designated Market Makers

Article 2

Organized trading of those RS Securities which the Ministry of Finance will select according to Article 3 of these Rules of Trading may be executed also through designated market makers.

Organized Trading of RS Securities through Designated Market Makers

Article 3

- (1) Organized trading of RS Securities through Designated Market Makers may be executed exclusively with:
 1. the long term debt securities of the Republic of Slovenia listed on the LJSE official market,
 2. short term debt securities of the Republic of Slovenia listed on the LJSE semi-official marketwhich have been determined for organized trading through Designated Market Makers by the Ministry of finance.
- (2) Organized trading with the RS Securities through Designated Market Makers may take place if the following conditions are fulfilled:
 1. at least one of the parties of a trade concluded at such trading is a Designated Market Maker
 2. the minimum total nominal value of a trade concluded as defined by paragraph four of Article 7 of these Rules of Trading, is 30 million SIT.

Awarding the Designated Market Maker Status

Article 4

- (1) Upon request of a LJSE member fulfilling the conditions set by the second paragraph of this article, the Managing Board of LJSE will award to such a member the status of the Designated Market Maker for trading of the RS Securities defined by the Article 3 of these Rules.
- (2) The applying LJSE member must satisfy the following conditions:
 1. that he has obtained from Securities Market Agency's or, as the case may be, the Bank of Slovenia's authorization to provide securities' services;
 2. that he has obtained the Ministry of Finance's consent for awarding the Designated Market Maker for trading of the RS Securities status in compliance with these Rules of Trading;
 3. that he has presented all the necessary certifications of its ability to perform the functions of a Designated Market Maker, as follows:
 - an agreement on use of the electronic system for trading the RS Securities through the Designated Market Makers,
 - a list of authorized persons of the Designated Market Maker-to-be, and
 - a certification of ability to provide through KDD the execution of the settlement of the trades concluded.
- (3) The procedure of awarding the status of the Designated Market Maker to a LJSE member shall be conducted by interpretation of provisions of Articles 74 to 77 of the LJSE Rules, while for the termination of the status, interpretation of provisions of Articles 83 to 86 of LJSE Rules shall be applied. The LJSE Managing Board is obliged to adopt the resolution on awarding the status within 3 days from receiving a complete

application for admission, or as the case may be within 5 days upon receiving the reasons for the termination of the status.

- (4) The LJSE Managing Board will terminate the status of a Designated Market Maker, when:
1. a Designated Market Maker ceases to fulfill the regulated conditions for obtaining such a status;
 2. acting on proposal or demand of the Ministry of Finance;
 3. in case of a major breach of these Rules of Trading by a Designated Market Maker (such as false data on application and similar)

The Designated Market Maker's Authorized Person

Article 5

- (1) The services of Designated Market Makers may be performed only by the natural persons holding the authorization by the Designated Market Maker to perform services of trading with the RS securities through the Designated Market Makers.
- (2) Every Designated Market Maker shall appoint one or more natural persons possessing expert skills for trading in compliance with these Rules of Trading, and shall submit the list of the above persons to the LJSE.
- (3) The list of persons appointed under paragraph 2 of this article shall be maintained by LJSE.

The Rights and Obligations of the Designated Market Makers

Article 6

- (1) A Designated Market Maker has the right to:
 1. use for the purpose of trading the RS Securities defined by Article 3 of these Rules of Trading the LJSE information system, in the manner and under conditions set by these Rules;
 2. have access to the information provided by the LJSE to its' members, which could influence the trading with RS Securities;
 3. be able to examine a copy of a prospectus related to RS Securities, traded through Designated Market Makers;
 4. have access to the information on admission to or exclusion from LJSE official and semi-official market of RS Securities, traded through Designated Market Makers and has a right to obtain the information on awarding of a Designated Market Maker status.
 5. have access to the LJSE official price list and to information concerning exclusion of RS Securities traded through Designated Market Makers from LJSE official and semi-official market, as well as to information on termination of a Designated Market Maker status, and
 6. other rights as determined by LJSE bylaws, LJSE Rules, other LJSE regulatory acts or valid contracts.

- (2) The Designated Market Makers are obliged to:
1. to take care for respect and execution of the provisions of these Rules of Trading and the provisions of LJSE Rules which are being applied by interpretation for the Designated Market Makers;
 2. promptly inform the LJSE on the changes of data on authorized persons of the Designated Market Makers;
 3. promptly inform the LJSE about problems and errors in the use of information system for trading the RS Securities through the Designated Market Makers.
 4. protect as confidential all the data that are regulated as such in the LJSE regulations.

Concluding of the Trades with RS Securities through Designated Market Makers

Article 7

- (1) Concluding of the trades with RS Securities through Designated Market Makers is being conducted:
1. by daily quoting binding sell and buy offers of a given RS security by a given Designated Market Maker, which is being published on the LJSE Website, and
 2. by accepting of the offer of a given Designated Market Maker to an individual Trading Participant , based on the buy or sell offer as published on the LJSE Website, from the same participant who can deliver his acceptance of the offer in any manner agreed between him and the Designated Market Maker.
- (2) A buy or sell offer for RS Securities through Designated Market Makers must contain all the basic elements of a contract, as follows:
1. the identification of the Designated Market Maker;
 2. the identification of the RS security ;
 3. buy or sell volume;
 4. bid or ask price.
- (3) The conditions of a binding offer from the first paragraph of this article are as follows:
1. Bid or ask price of the offer of a given Designated Market Maker as published on the LJSE Website represents the buy or sell price for the trading volume of RS Securities with the aggregate nominal value of 30 million SIT.
 2. Buy or sell volume offered by a given Designated Market Maker, as published on the LJSE Website, represents the maximum trading volume with a given RS security on a given day.
 3. A Designated Market Maker is not permitted to conclude individual trades with a given RS security in trading value of 30 million SIT or higher at a price less favorable for the Trading Participants than the price of his binding offer as displayed on the LJSE Website.
- (4) The price of RS Securities is expressed as percentage of the nominal value of security without accrued interest, calculated with four decimals. The total nominal value as defined in paragraph (3) of this article equals the product of the number of the RS Securities and nominal value of one security.
- (5) Limitations set by Article 151 of LJSE Rules shall not be applied for the prices of bid and sell offers of Designated Market Makers.

- (6) The Designated Market Makers trade with RS Securities in their own name and for their own account.
- (7) A trade is deemed concluded when a Designated Market Maker sends to the LJSE the data, defined by provisions of Article 10 of these Rules of Trading.

The Trading hours for RS Securities Trading through Designated Market Makers

Article 8

The concluding of trades with RS Securities through Designated Market Makers is carried out every trading day between 9:00 am and 3.00 pm, and recording, withdrawing and changing of bid and ask offers is possible from 8:30 am onwards.

The Purchase Price Amount and the Settlement of Trades

Article 9

- (1) The amount of the Purchase Price for an accepted offer will be calculated by the Designated Market Maker whereby the purchase price for:
 1. the trades with Treasury Bills equals the product of the price, the number of Treasury Bills and of the nominal value of one Treasury Bill;
 2. the trades with Bonds equals the product of the price, number of Bonds and of the nominal value of one Bond increased in decreased for the sum of accrued interest.
- (2) For the trades with Bonds, concluded following Article 7 of these Rules of Trading
 1. for which the settlement day will fall within the period from the beginning of the Calculation Period to the end of the trading on the Record Date inclusive
 - the accrued interest will be calculated for the part of the Calculation Period which runs from the first day of the Interest Period inclusively to but not including, the settlement day, and
 - shall be added to the product of price, number of Bonds and nominal value of one Bond.
 2. for which the settlement day will fall within the period from and including the day following the Record Date, to and including the Interest Payment Date
 - the accrued interest will be calculated for the part of the Calculation Period which runs from the settlement day included to the Interest Payment Date (but not including this day) and
 - shall be deducted from the product of price, number of Bonds and the nominal value of one Bond.
- (3) In the whole period before maturity of a coupon, Bonds will be listed with the coupon.
- (4) Accrued interest will be calculated according to the provisions of the prospectus of a given Bond.
- (5) The trades concluded under these Rules of Trading will be executed individually, using the Delivery versus Payment rule, in the manner regulated by KDD. A standard

Delivery versus Payment settlement for Bonds will be 3 business days after the trade is concluded (T+3), and for Treasury Bills on the same day as the trade is concluded (T+0). The Designated Market Makers and other Trading Participants may agree among themselves for a settlement date which is less than 3 working days.

- (6) The settlement of trades concluded under these Rules of Trading is not entered into the system of netting of trades nor into the system of risk management and forming the guarantee fund of KDD.

The Reporting and Evidencing of the Trades

Article 10

- (1) The Designated Market Makers report to the LJSE by submitting the following data:
1. the date of conclusion of a trade;
 2. the settlement date of a trade;
 3. the trading party - the seller (with the identification number of the Seller's Registry Member);
 4. the trading party - the buyer (with the identification number of the Buyer's Registry Member);
 5. the identification code of the RS Security traded;
 6. the volume of the RS Securities traded ;
 7. the price of the trade;
 8. the purchase price amount.
- (2) The Designated Market Makers will report the above to LJSE on every trading day within 30 minutes from the time the Designated Market Maker receives the Trading Participants' confirmation that the Trading Participant has accepted the offer in accordance with Article 7 of these Rules, or at 3:15 pm at the latest. In case of two Designated Market Makers concluding a trade, the seller is obliged to report to LJSE. Offers accepted after 3:00 pm will be reported to LJSE by 9:00 am on the following trading day. LJSE will issue Official Instructions regulating reporting details.
- (3) On the settlement day of the trade, the Designated Market Maker is obliged also to notify LJSE of the reference number of the order to KDD.
- (4) The reporting obligation of block trades, as regulated by the LJSE Rules will be considered as completed for all the trades concluded and reported in compliance with these Rules of Trading by any Designated Market Maker or other Trading Participant, holding the status of the LJSE Member.

Interruptions and Suspensions of Trading

Article 11

- (1) Trading of a given RS security through Designated Market Makers will be interrupted or suspended in the case of interrupted or suspended trading with the same security on BTS (Stock Exchange electronic trading system) following the LJSE Rules.

- (2) LJSE will inform all Designated Market Makers upon the interruption or suspension of trading from the previous paragraph in the manner regulated by the Official Instructions.
- (3) While an interruption or suspension of trading with a given RS security through Designated Market Makers is in force, the Designated Market Makers are not permitted to extend new offers concerning such a security, and are obliged to withdraw existing offers immediately.

Publishing of Data on Trades Executed and the Official Unified Price

Article 12

- (1) On the LJSE Website the following data on executed trades is published:
 1. the date of conclusion of the trade;
 2. the identification code of the RS Security traded;
 3. the volume of the RS Securities traded;
 4. the price of the trade;
 5. the yield to maturity of the trade;
 6. the purchase price amount
- (2) In its' official price list, LJSE will publish daily the following aggregate dates on trades with RS Securities through Designated Market Makers:
 1. the number of trades, concluded with a given security on a given day;
 2. the total volume of a given security that were traded in this mode of trade on any given day;
 3. the lowest and the highest price for trades concluded;
 4. the official unified price;
 5. the trading turnover in millions of SIT
- (3) The official unified price of a given day means the arithmetic mean of the prices of all trades concluded with a given security on a given day weighted by the trading volumes, and is formed after the end of that day's trading.
- (4) The official unified price and unified price according to Article 149 of LJSE Rules for all the RS Securities that are traded as well through the Designated Market Makers as on the BTS will be calculated and published separately in the Official LJSE price list.
- (5) The Official LJSE price list relating to the trading with RS Securities through the Designated Market Makers will be formed after closing of trading by 3:30 pm, on the basis of interpretation of Article 160 of the LJSE Rules.
- (6) The mode of calculating yield to maturity and the manner of calculation and publication of other data defined by this article will be regulated by LJSE Official Instructions.

Procedures to be used in Case of Nonperformance of the LJSE Website

Article 13

- (1) In case the LJSE Website is not performing, the Designated Market Makers are obliged to notify LJSE on their sell and buy offers for a RS security by telefax; such a notification must contain all the data regulated by paragraph 2 of Article 7 of these Rules of Trading.
- (2) LJSE is obliged to ensure a general publication of the data specified by the first paragraph of this Article, including the data specified in the second paragraph of Article 12 of these Rules, in an appropriate substitutive manner as decided by the LJSE.
- (3) A detailed mode of notification mentioned in the first paragraph of this Article and the mode of publication mentioned in second paragraph of this Article will be regulated by the LJSE Official Instructions.

Supervision of trading of RS Securities through Designated Market Makers

Article 14

- (1) LJSE will survey and supervise the trading with RS Securities through Designated Market Makers in order to detect breaches of these Rules of Trading and of LJSE Rules concerning prohibited activities connected with trading on organized market, and will, if detecting such activities, take measures within the interpretation of LJSE Rules provisions.
- (2) LJSE is monitoring the execution of the trades using the data on settled trades provided daily by KDD and containing the following data from the central register of dematerialised securities:
 1. the identification code of RS security traded;
 2. the volume of RS Securities traded;
 3. the trading party - the seller (with identification number of the Seller's Registry Member);
 4. the trading party - the buyer (with identification number of the Buyer's Registry Member);
 5. the purchase price amount as recorded in the order for the Delivery versus Payment settlement ;
 6. the reference number of the order for the Delivery versus Payment settlement, defined in compliance with the KDD Instructions;
 7. the settlement date;
 8. the time of entry of the order for the Delivery versus Payment settlement by the Seller's Registry Member;
 9. the time of confirmation of the order for the Delivery versus Payment settlement by the Buyer's Registry Member;
 10. the time of transfer of the securities to the credit of the Buyer's account.
- (3) It is considered hereby that every Trading Participant and every Designated Market Maker who will conclude and settle a trade of RS Securities according to these Rules of

Trading and to the KDD Instructions irrevocably consent that KDD shall provide to the LJSE the data listed in the above paragraph.

- (4) On demand, LJSE will provide the above data also to the Securities Market Agency, to be used for the supervision in compliance with law, and to the Ministry of Finance in its' role of issuer, to be used in monitoring the activities and fulfillment of obligations of Designated Market Makers. On demand, the access to above data will be provided to the Bank of Slovenia for the purpose of monitoring of trades prices in the process of defining the long term interest rates. The consent of Trading Participants as stipulated in the previous paragraph includes a consent that LJSE may provide access to data for purposes listed in this paragraph.

Instructions for Settlement of Concluded Trades

Article 15

For the settlement of trades concluded within these Rules of Trading the Operations Rules of KDD and Regulations of KDD on Settlement of Off-Market Transactions on Delivery versus Payment Basis or other rules and regulations of KDD replacing these rules and being in force at any given time shall be used accordingly by interpretation.

Entry into force

Article 16

- (1) These Rules of Trading are being adopted by the Managing board of LJSE, and are subject to confirmation by the Supervising Board of LJSE and approval of the Securities Market Agency.
- (2) These Rules of Trading and any subsequent changes or amendments shall enter into force upon receiving Security Markets Agency's consent and will be used from the day defined the decision of LJSE Managing Board.

Ljubljana, July 6, 2005

The LJSE Managing Board

dr. Marko SIMONETI
President of the Managing Board

Andrej ŠKETA
Member of the Managing Board

* The Supervisory Board of the Ljubljana Stock Exchange Inc. has issued a preliminary confirmation to the draft of these Rules of Trading at its session on February 10, 2005, the Securities Market Agency approved of these Rules of Trading by the decree No. 23/34/5/05-(452) on July 13, 2005; the Rules of Trading were published on the LJSE Website on August 29, 2005, meaning that they entered into force and are being used from September 1, 2005.