



Investor's Guide

to the Sarajevo Stock Exchange

2025.

1. General Information

General info about Bosnia and Herzegovina

- **Full name:** Bosnia and Herzegovina
- **Population:** 3.511.372 (2016 est.)
- **Capital:** Sarajevo
- **Area:** 51.209,2 km² (19.771,98 mi²)
- **Major languages:** Bosnian, Croatian and Serbian
- **Major religions:** Islam, Christianity
- **Life expectancy:** 73,7 years (men), 78,8 years (women)
- **Monetary unit:** 1 Convertible mark (local: KM; international: BAM) = 100 Fening
 - The KM is pegged to the Euro at a rate of 1 € = 1,95583 KM
- **Main exports:** Wood and paper, metal products; arms and ammunition.
- **Nominal GDP:** 27.51 billion USD (2023, WB)
- **Internet domain:** .ba
- **International dialing code:** +387
- **Time Zone:** GMT+1



Bosnia and Herzegovina (short: BiH or B&H) is a country in South-East Europe, on the Balkan peninsula. According to the Dayton Peace Accord, which ended a terrible war in 1995, B&H consists of two political entities: the Federation of Bosnia-Herzegovina (capital: Sarajevo) and the Republika Srpska (capital: Banja Luka). A third, smaller area around the town of Brčko is organized as a district with a separate administration.

Bosnia and Herzegovina has been a potential candidate country for European Union accession since 2003. Although BiH's progress towards EU accession has been slow, mainly due to the complex organization of the country, the country's Stabilization and Association Agreement (SAA) entered into force on June 1st, 2015. Bosnia submitted its formal application for EU membership on February 15, 2016. In December 2022, the European Council granted Bosnia and Herzegovina candidate status for EU membership. This was a significant milestone, reflecting the country's efforts to align with EU standards and values. However, the decision was accompanied by a clear message that further reforms are necessary to advance toward accession negotiations.

BiH offers many opportunities to investors. The country is open to foreign investments and offers a liberal trade regime. Due to its geography, it is richly endowed with natural resources and attractive to traditional and adventure tourists.

General information about the Sarajevo Stock Exchange

Foundations for the Sarajevo Stock Exchange were laid down in 1998, when the Law on Securities was passed. This act defines the Exchange as a place for matching demand and supply for securities and securities trading, in compliance with pre-defined rules. The market price - a price for the securities traded – is defined through the matching of supply and demand. A third function of the exchange is the gathering and publishing of information about supply and demand and the market value of traded securities.

The Sarajevo Stock Exchange (SASE) was founded by 8 brokerage houses back in 2001 as a joint stock company. According to the Law members of the Exchange can be brokerage houses and banks. The first trading session on SASE, involving 8 brokerage houses, took place on April 12, 2002. The symbolic turnover on this very first trading day amounted to 3.099 KM (1 KM = 0,51 €). In the beginning trading sessions took place once a week. The number of trading days was gradually increased, so that today trading takes place every working day.

Demutualization process

According to the Security Market Law from 2008, membership and ownership of the Exchange are separated, meaning that there are three categories:

- Only member: Have the right to conclude trades on the Exchange.
- Member & shareholder: trading rights and ownership rights.
- Only shareholders: ownership rights. Shareholders of the Exchange can be other Stock Exchanges, fund management companies, banks, insurance companies, physical persons and other financial institutions in accordance with the current legislation.

As of 2025, the biggest shareholders of SASE are the institutions from the Turkish Capital market with almost 20% ownership (Borsa Istanbul – 9,88%, Takasbank and Central Registry Istanbul each 5%), followed by Raiffeisen bank d.d. Sarajevo with an ownership stake of 10,47%.

SASE is a for-profit company which can pay up to 50% of its profits as dividends to his shareholders. The rest is reinvested into the development of the market.

Management Systems

Although a small Exchange, SASE insists on offering its members and investors a modern and safe trading infrastructure. It has implemented the following ISO management systems in its trading operations:

- Quality Management System according to ISO-9001:2015
- Information Security Management System according to ISO-27001:2013
- Business Continuity Management System according to ISO-22301:2012

The implementation of all management systems has been certified and is being annually audit by internationally renowned certification companies – TUV Nord and PECB.



Development Milestones

2003

- First index launched - BIFX

2004

- Introduction of continuous trading (MFTS)
- SASE full member of FEAS

2005

- SASX-10 launched

2007

- First privatization of state minority stake through SASE

2008

- SASE market prices on Bloomberg and Thompson Reuters
- First public offering of shares on the Exchange

2009

- SASX-30 launched
- First offering of commercial papers on the Exchange
- Listing of first state-bonds on the Market

2011

- First auction for treasury-bills of the Federation of B&H through SASE
- First municipal bonds issued on the Sarajevo Stock Exchange
- Institutions from the Turkish capital market acquire a 15% of ownership in SASE

2015

- QMS according to ISO-9001 implemented

2016

- SASE Islamic index launched in cooperation with Bosnia Bank International
- ISMS according to ISO-27001 implemented

2017

- SASX-FN launched, the first fundamentally weighted index in the region of Ex-Yugoslavia

Bodies & organizational structure of the Sarajevo Stock Exchange

The Sarajevo Stock Exchange is organized as a joint-stock company and therefore has the same bodies as other joint stock companies:

- Shareholder Assembly
- Supervisory Board (Chairman and four members)
- Management Board (Director and two executive directors)
- Internal Audit (three members)

Besides those general bodies, the Stock Exchange also has the following special bodies:

- **Listing Committee:** Examines the applications for listing on the Official market; also in charge of delisting of companies from this market segment as well as trading suspensions for all securities which last longer than 15 days
- **Stock Exchange Commission:** pronounces sentences for the breach of the Rules and other legal acts of the Exchange committed by member of the Exchange or their employees.
- **Arbitrage:** in charge of settling disputes among Stock Exchange members.

The Sarajevo Stock Exchange consists of three main departments:

- Trading, Surveillance and Market Development Department (Business operations)
- Legal and general affairs Department
- Information Technology department

Main actors on the capital market in F B&H

➤ **Securities Commission of the Federation of Bosnia and Herzegovina**

The Securities Commission secures a transparent capital market in the Federation of B&H. It is responsible for investor protection and the development of markets.

➤ **The Registry of Securities of the Federation of Bosnia and Herzegovina**

The Registry performs the registration, safekeeping, securities data maintenance and transfer in accordance with the law regulating the issuance and trading of securities. It is owned by the Federation of B&H while the Securities Commission exercises the managing rights on behalf of the Federation Government.

➤ **Sarajevo Stock Exchange (SASE)**

SASE is the only Exchange in the Federation of Bosnia and Herzegovina. Its main purpose is to act as the main trading place for securities issued in the Federation of B&H.

➤ **Professional intermediaries**

Brokerage houses and banks act as the intermediaries on the capital market, representing their clients on the market (brokerage business) or trading on their own account (dealers business). A professional intermediary must have a license from the Securities Commission and be a member of the Exchange in order to conduct securities trading on the Stock Exchange. The professional intermediaries are organized into Self Regulatory Organizations aiming to advance the principles of trading and customer services.

➤ **Investment funds**

The investment fund industry came to life with the foundation of the Privatization Investment Fund (PIF's), which collected the vouchers from the citizens during the mass-privatization process and invested those in the privatized companies. Later, they have been transformed first to Investment Funds, and eventually into Closed- end Investment Funds. Currently there are 11 Closed-end Investment Funds. In 2007, the first Open-end Investment fund was created.

Main Laws and Bylaws regulating the market

- **Securities Market Law** (Official Gazette of FB&H, No 85/08, 109/12, 86/15, 25/17): Regulates all operations with regard to securities such as securities trading, issuance, requirements of securities issuers and securities owners, disclosure requirements, penalties etc. Also regulates the foundation and operations of the Stock Exchange and other regulated public markets.
- **Law on Investment Funds** (Official Gazette of FB&H Nr. 85/08, 25/17): Regulates the operations related to investment fund administration and encompasses rules and regulations that pertain to business of Fund management Companies and Investment Funds.
- **Law on Business Companies** (Official Gazette No. 81/15, 75/21): Regulates the operations, administration and management issues of business companies.
- **Law on Company Takeover** (Official Gazette of FB&H, No. 77/15): Regulates the takeovers of business companies. Defines the thresholds for publishing tender offers for takeovers.
- **Law on the Securities Registry** (Official Gazette of FB&H, No. 39/98, 36/99, 33/04): Regulate the main operations of the Securities Registry
- **Bylaw about intermediation in the securities business** (Official Gazette of FB&H Nr 34/09, 1/10, 31/10, 53/13, 27/14, 35/14, 83/15, 36/16): Defines broker and dealer activities, the lending of securities, off-the Exchange trading etc.

SASE Regulations

- **The Rules of SASE:** governing the market segments, membership requirements, trading process and market surveillance carried out by the Exchange.

2. Trading on the Sarajevo Stock Exchange

Market Organisation

According to the Securities Market Law and Rules of SASE, the market consists of two main segments:

- Official (Prime) Market („Kotacija“)
- Free Market („Slobodno tržište“)

Official (Prime) Market

This is the place where our "blue-chips" are being traded. In order to be listed at this market segment, an issuer has to meet certain requirements. Listing requirements refer to operations of the issuer in the past few years, size of the capital, audited financial statements, size of the class of securities, number of shareholders and securities dispersion in public. After a company has been listed on the Sarajevo Stock Exchange, it has the obligation of continuous disclosure to the Stock Exchange and the public of any event or change in its operations that may be important to the company and/or its investors.

The criteria for the official market of companies are as following:

- Size of capital: min. 4.000.000 KM (approximately 2.000.000 Euro)
- Minimum size of class of shares: 2.000.000 KM (approximately 1.000.000 Euro) – book value on first listing; market value if the shares have been traded on other market segment
- Financial reports of the issuer have to be audited and available for minimum of 3 years
- Distribution of class in public: min. 25%
- Number of class holders: min. 150

After the admission to this segment, the issuer is obliged to notify the exchange and the public of the price sensitive information that occurs (ad-hoc publicity requirements). The issuer is also obliged to provide the exchange with its quarterly, semi-annual and annual financial reports. All trading on the Official market is done using the continuous trading algorithm. The static limits for securities traded on the Official market are -10%/+10% from the previous official price. The dynamic limits are +/-3% from the reference price (see Volatility interruptions).

Free Market

The Free market is a segment of the organized securities market where those securities are traded, which have been successfully offered to the public and whose further public sale has been approved by the Securities Commission of the FB&H and which had not been listed on the official market. Due to a quite simple admission procedure, most issuers are listed on this market. An application for admission to the free market can be filed by a brokerage house (upon request of a client).

There must be a minimum of information available for an issuer to be listed on the Free Market. The Free market consists of 4 sub-segments, which differ in means of trading algorithm, maximum daily price fluctuations and transparency requirements:

1. Sub segment 1 (ST1)
2. Sub segment 2 (ST2)
3. Sub segment 3 (ST3)
4. Sub segment for issuers in bankruptcy proceedings

Sub segment 1 (ST-1)

ST1 consists of the most liquid Free Market securities, which also have a free-float factor of at least 25% (or FF-market cap of 2 million KM). A review of symbols on ST1 is conducted every 6 months. Static limits are +/-20% based on the last official price.

Sub segment 2 (ST-2)

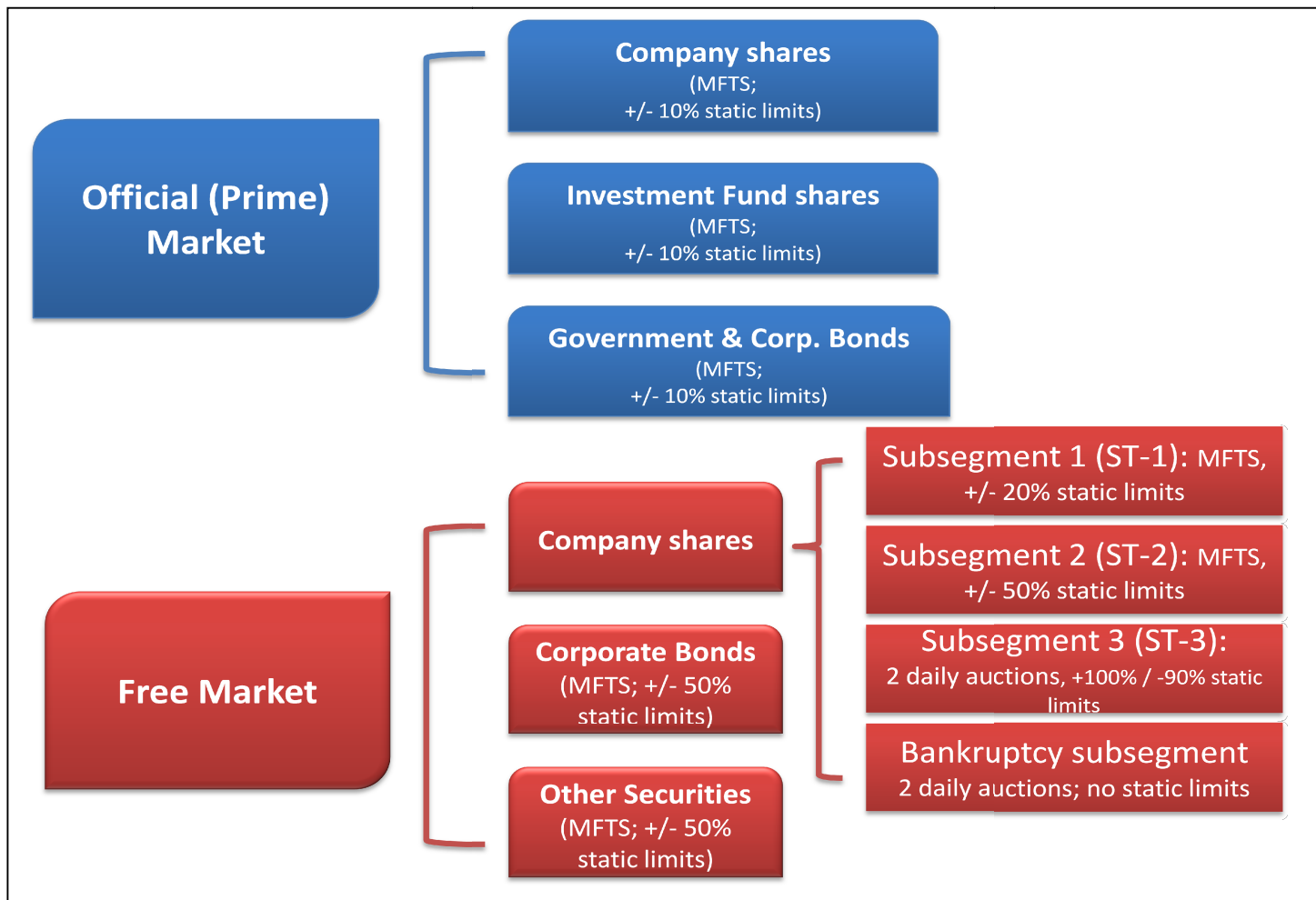
This is the entry-sub segment for all issuers being listed on the Free Market. The securities are traded through continuous trading. Static limits for this sub segment are set at +/- 50%. Dynamic limits are on a +/-3% level.

Sub segment 3 (ST-3)

This sub segment is reserved for issuers who fail to meet their disclosure requirements. Investors are warned regarding the higher risks associated with investing in such companies. Trading is done through two daily auctions, and the static limits are set very loosely, to account for the difficulty in pricing those securities.

Sub segment for issuers in bankruptcy proceedings

This sub segment is reserved for issuer where bankruptcy proceedings have been opened. Trading is done through the auction trading system with two daily auctions. There are no static limits in place, only dynamic limits in the range of +/-3%



Trading system

The Sarajevo Stock Exchanges uses a fully electronic trading system (BTS) based on an open order book. The orders in the order book are ranked by price-time priority. There are no market makers or specialists. Trade is conducted through 2 trading algorithms - continuous trading (MFTS) and auction trading.

Auction trading

The auction trading schedule is meant for less liquid securities as a way to combat the effects of high information asymmetry. All the trading in this algorithm takes place during the auctions with one price per security per auction. The auction price is the price that maximizes security turnover.

The official price of a security is the weighted average of the two auctions. With auction trading, only a limited number of special order types can be used (see Order types)

Auction trading is only used for securities on the ST-3 and the Bankruptcy sub segment of the Free Market.

Continuous trading (MFTS)

Continuous trading (MFTS – Multi Fixing Trading Schedule) is meant for the more liquid securities on the market.

After the initial (opening) auction, which also maximizes trading volume, the market is open for continuous trade conclusion using the "aggressive order concept" - the latter order gets the better price.

The official price of a security traded with the continuous trading schedule is the weighted average of all concluded trades with this security on a given day. Continuous trading is used for all securities listed on the Official market and the majority of securities on the Free Market (except those on ST-3 and Bankruptcy sub segment).

Trading Schedule

Trading on the Sarajevo Stock Exchange takes places from Monday to Friday from 09:00-13:30 according to the following schedule:

Trading phase	What is possible?	Auction Trading (2 daily auctions)	Continuous trading (MFTS)
Pre-Open	Order entry & editing	09:00 - 11:0x*; 11:05 - 13:0x* and 13:05 - 13:30	09:00 - 10:0x*
Opening auction	Order entry & editing	11:0x* and 13:0x*	10:0x*
Open	Order entry & editing, concluding trades	•	10:0x* - 13:30
Closed	Order review	13:30	13:30

*- Random interval x={0..300 sec}

Order types

The use of the following order types is supported on the Sarajevo Stock Exchange

Price constraints:

- market order
- limit order – entered at the limit order into the trading system
- limit order with discretion – can be entered at a (up to 20%) lower price (buy-orders) or at a (up to 20%) higher price (sell-orders)
- Stop-order: order is activated once the market price reaches a pre-defined level.

Validity constraints:

- Open order (up to 180 days valid)
- Valid till date order
- Daily order

Special terms of display & execution

- **All-or-None:** Only the whole package of shares from the order will be bought or sold; if this is not possible, it will stay on the market (no partial execution). Only allowed with securities traded via MFTS.
- **Minimum fill first trade:** minimum value of first trade is 1.000 KM. Only allowed with securities traded via MFTS.
- **Minimum fill all trades:** min. execution size is 1.000 KM. Only allowed with securities traded via MFTS.
- **Hidden volume order** ("Iceberg order") Minimum order value is 10.000 KM; if it falls below it is transferred to an order with visible volume only.

Price protection Mechanisms

In order to protect investors, SASE has two kind of price limits in place.

Static limits

Static limits define the maximum daily allowed price fluctuation of a security based on its previous official price. If the price of an order which is to be entered in the trading system outside of the range defined by these limits, the order is transferred to the inactive order book, until its price is inside the static limits (which change along with the official price of the security). Static limit differ according to the market segment a security is traded on.

Dynamic limits & Volatility interruptions

In order to prevent excessive price movements triggered by small trades made away from the market price and to prolong the order exposure time, SASE introduced volatility interruptions in September 2011. Volatility interruptions are triggered once the dynamic limits of a security are about to be breached. This happens when an order would trigger the conclusion of a trade at a price outside the dynamic limits range. The dynamic limits are based on the prevailing (reference) price. The reference price is the last official price of the security (in case there were no volatility interruptions this day) or the price from the previous volatility interruption.

In case the dynamic limits are breached, trading with this security is temporary suspended for a period of 15 minutes. In this period, the market enters again the pre-open phase, in which only entering and editing of orders is possible, but no trading takes place. After the 15 minutes pass, the market opens again through an opening auction, where the new reference price for the security is calculated. It is important to note that although the reference price can change multiple times per day, it cannot breach the static limits of the security.

Dynamic limits are currently set to +/- 3% of the reference price, regardless of trading mode or market segment.

Special trading modes

Public offerings of securities

The Sarajevo Stock Exchange offers the realization of public securities offerings through the infrastructure of the Exchange. Registration for the public offering is carried out through the issuance of buy orders at the brokerage houses. Two auction types are supported:

- a. **Prevailing price:** One unique price of the offering is calculated based on the buy orders present in the trading system. The price maximizes the trading volume. The order of execution is determined by the price-time priority ranking in the order book.
- b. **Multiple prices:** Here every potential buyer pays the price which he entered in his buy order. The sell order of the issuer is the lower limit of the trade prices. Used frequently in public offerings of government treasury bills.

Public auctions for selling large packages of shares - Special auctions

Originally intended for the privatization of minority state holdings, special auctions quickly became interesting also for the Investment Fund industry, which use them heavily to offer share-packages from their portfolio to the highest bidder. Other share owners can also use this method, provided they want to trade at least 5% of the shares outstanding of a specific issuer. Three methods are offered, which differ in the way buy-orders are regulated:

- c. **Method 1:** only buy orders which amount to the same quantity as in the sell order are allowed.
- d. **Method 2:** buy orders with a smaller quantity than in the sell order are allowed. The seller has the possibility to issue special fulfilling order (minimum quantity of all trades, minimum quantity of first concluded trade)
- c. **Method 3:** The sell order is entered into the MFTS trading schedule, where all the options from this trading mode are allowed.

Off-Exchange trading ("Over the Counter" - OTC Trading)

OTC trading is done through brokerage houses and the Securities Registry, with an obligation to report the trades to the Stock Exchange. Off-Exchange trading is allowed in any symbol listed on the Exchange up to an amount of 5% of the shares outstanding of an issuer in a year.

The only exception from this rule is when an investor wishes to purchase/sell a share-package which is at least 5% of the outstanding shares of the issuer and the trade has a minimum value of 500.000 KM. Certain groups of institutional investors (mostly domestic institutional) are excluded from this possibility. The price of this package of shares cannot differ more than a certain percentage from the price on the Exchange in the last 6 months. If no trades took place on the Exchange in this period, the price of the trade can be negotiated freely.

Auctions for Government Bonds and T-Bills

Starting in 2011, SASE organizes primary-market auctions for Government Bonds and Treasury-Bills.

Bond auctions are yield-based, meaning that investors enter their required yield when bidding for government bonds. The yearly coupon is calculated taking into account all the accepted bids.

The overall yield for the investor is realized through this annual coupon rate and the actual purchase price they pay for the bonds.

Auctions for T-Bills are based on discounted (nominal) prices, meaning that investors enter orders with prices discounted from the nominal value of the T-Bill.

Both auction types are anonymous and blind-folded, meaning that investors can see only their own orders, but not the orders of other investors.

Since 2011, the Government of the Federation of Bosnia-Herzegovina has successfully issued more than 2,32 billion KM worth of bonds and 2,11 billion KM worth of T-Bills.

3. Registration of securities, Clearing and Settlement

Registration of securities

Securities traded on the regulated market are issued in dematerialized and registered form. The shares traded on SASE are registered at the Securities Registry. Each shareholder has an account opened within the Central Registry system and the instruments are registered directly on beneficial owners' accounts on settlement date. Nominal accounts can be opened by local custodian banks for their customers.

The Securities Registry holds the instruments in one of the three sections:

- First section: securities are deposited in individual owner accounts
- Second section: securities are seized in accounts opened with brokers
- Third section: securities are seized in custody accounts opened with custody banks

Clearing & Settlement procedures

On the capital market of FB&H, the standard settlement cycle is T+2, meaning that all obligations originating from a trade on 'T' (Trade date) are to be settled within 2 working days. Settlement is mandatory. The Registry of securities uses a model of settlement Delivery Versus Payment (gross transfer of securities and net transfer of money)

The procedure for C&S is the following:

- T+0 (Trade date): Sarajevo Stock Exchange delivers a report of all matched trades to the Securities Registry (CSD). The Registry blocks securities which were sold on trade date in order to prevent abuse.
- T+1: The Securities Registry submits to each member a report on the amount of net debts/claims by 10:00. If the buying / selling member does not object to the report till 10:30, it is considered accepted by the member.
- T+1: Members are required to pay the net debt amount into the clearing and settlement account of the Registry latest by 13:00 (Prefunding of cash)
- T+2: The Securities Registry transfers securities from the seller's account into the buyer's account, as well as the funds from its account at the Central Bank to the seller's cash account. Settlement is final at 13:00 on T+2

Due to the obligatory pre-trade position checking of securities and pre-funding of cash (required on T+2), trade failure occurs rarely. The most common reason for failure of trades is the allocation to an incorrect client account, whereas a short coverage in the seller's account occurs extremely rarely. In this case, the member is obliged to acquire the securities through lending to fill the short position (please note that short-selling on the Sarajevo Stock Exchange is not allowed). Custody Banks are also members of the CSD clearing and settlement system.

Guarantee fund

A Guarantee fund is installed at the Securities Registry to cover potential damages in case any member of the CSD fails to pay its liabilities to the Registry. When a member fails to pay its net debt, the Registry will settle the debt out of funds from the Guarantee Fund. The contributions of the Registry members consist of a fixed and a variable part, the latter depending on the previous turnover-level of the member.

Security lending

Securities lending is allowed in FB&H and it is a procedure initiated by the CSD. The process is completely implemented by the CSD in accordance with Registry's Rulebook. If the member of the CSD does not have the sufficient quantity of securities in its account, he is obliged to obtain those until T+2 at 09:30 at the latest. Securities lending is based on a securities loan agreement concluded between the borrower and the lender. On the basis of this agreement the securities lender sends an order to the Registry to transfer the securities from his account to the borrowers account no later than T+2 09:00 and the borrower requests to have transferred the borrowed securities to his account no later than T+2 09:15.

Identification of securities

Local security symbols

Every security in the Securities Registry is assigned a unique code during the process of its registration. This symbol consists of a minimum of 5 and a maximum of 7 alphanumeric signs with the following convention:

i.e. :BHTSR:

BHT: short form of issuer, in this case BH Telecom d.d. Sarajevo
S: denotes the city where the issuer is registered, in this case, Sarajevo
R: denotes common stocks. Other designations include 'P' for preferred stock or 'O' for bonds.

Occasionally, the symbol ends with the letter 'K' followed by a digit, which denotes corporate actions which changed the number of issued shares or the nominal value, while the digit denotes the number of the last corporate action.

The same symbols are also used at the Sarajevo Stock Exchange, the Securities Commission and in the media reports.

International Securities Identification Number – ISIN

Besides the above mentioned local symbols, all securities registered at the Securities Registry also have their official ISIN-code. An ISIN uniquely identifies a security. Its structure is defined in ISO 6166. The ISIN code is a 12-character alpha-numerical code that does not contain information characterizing financial instruments but serves for uniform identification of a security at trading and settlement.

4. SASE Indices

The Sarajevo Stock Exchange calculates and publishes the following indices:

SASX-10

The Sarajevo Stock Exchange Index 10 (short form: SASX-10) is the main index on the Sarajevo Stock Exchange. It depicts the price movement of the top 10 issuers on the Sarajevo Stock Exchange (excluding investment funds) ranked by market capitalization and frequency of trading.

SASX-10 is a price index, meaning that no cash dividends are reinvested in the index. Its main goal is to serve as a general benchmark index. SASX-10 is a free-float market capitalization weighted index, where the maximum weight of an individual issuer is capped at 20%. The base date of the index is December 31st, 2004, and the corresponding base-value was set to 1.000,00 index points.

SASX-30

Sarajevo Stock Exchange Index 30 (short form: SASX-30) is the index of the Primary Free Market of the Sarajevo Stock Exchange. It depicts the price movement of the issuers on the Primary Free market, which is reserved for the most liquid issuers from the Free market. SASX-30 is a price index, meaning that no cash dividends are reinvested in the index. Its main goal is to serve as a general benchmark index. SASX-30 is an unweighted (equally weighted) index, where all the constituents have the same influence on the index movement. The base date of the index is March 31st, 2009, and the corresponding base-value was set to 1.000,00 index points.

BIFX

The Bosnian Investment Fund Index (BIFX) is the first index published by the Sarajevo Stock Exchange. It consists of the shares of the 11 investment funds registered in the Federation of Bosnia-Herzegovina (formerly Privatization Investment Funds - PIFs). BIFX is a price index, meaning that no cash dividends are reinvested in the index, therefore it reflects only the price development of the included shares. BIFX is a (full) market capitalization index with no capping procedures.

SASX-BBI

SASE Islamic index – in cooperation with BBI (short: SASX-BBI) is a benchmark index, whose goal is to enable the investors and analysts the evaluation of general movement of share prices of the companies which are in line with the conditions from the Shariah methodology of BBI, and are on the BBI-SASE List of companies.

SASX-BBI is a capitalization weighted index with a capping factor of 15%.

Base date of the Index is October 7th, 2016, and the base value is 10,000 index points.

SASX-FN

SASX Fundamentals (SASX-FN) is a benchmark index of the Sarajevo Stock Exchange which tracks the price movements of the first 15 companies on the market according to profit from business activities, according to the last financial statement. The list excludes shares from investment funds, banks, insurance companies, issuers in bankruptcy proceedings, as well as issuers whose main headquarters are outside of the Federation of Bosnia-Herzegovina. This index is not bound to a special market segment; its constituents can be issuers from the Prime and the Free Market.

SASX-FN is the first fundamentally weighted index on SASE. The fundamental ratios used for weighting are Return on Equity, Earning per share and the Profit margin of the included companies. There is no weight capping employed. Base date of the index is August 18th, 2017. Base value is 10.000,00 index points.

Index Terminology

Capitalization weighted indices

The vast majority of indices calculated in the World are capitalization weighted, meaning that the weight of an index constituent is determined by its market capitalization (free-float or full market cap). This means that high market cap securities have a high influence on the movement of the index.

Index capping

In order to mitigate the enormous effect of „big players“ in an index, a majority of indices introduces so called capping. For example, a capping factor of 20% means that no single index constituent can have more than 20% „influence“ on the index movement. In the process of capping, the weight of the other, non-capped index constituents is (artificially) increased.

Equally weighted indices

In equally weighted indices, all the index constituents have the same effect on the movement of the index.

Fundamentally weighted indices

One known weakness of capitalization-weighted indices is the fact that they amplify the importance of the index heavyweight, thereby distorting the overall picture. An answer to that problem are fundamentally weighted indices, where the weight of a constituent is given by certain metrics or ratios („fundamentals“) from the financial report of the issuing company (i.e. EBIT, ROE, ROI etc).

5. What else do you need to know as a foreign investor....

Accounting & Reporting Standards

According to the Law on Accounting and Audits (Official Gazette of the Federation of B&H 83/09), all legal entities are required to produce and publish their reports according to the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS).

Ex-Dividend Date / Market Claims

Dividends are generally payable on annual basis (in cash or in shares). Dividend distributions are usually announced at the annual general meetings. There is no solid regulation regarding ex-date, record date, pay date etc. In practice, entitlements are determined according to settled position as of record date. The record date is determined by the date of the written decision on dividend payment (adopted at annual general assembly). Dividends are distributed according to ownership records in the CSD on record date. Client's account is credited the same day when the issuer pays the dividends.

Disclosure Requirements for Investors

An Investor is required to disclose his investments after passing the following thresholds:

- When the investor buys or sells 5% of the issued shares of an issuer or
- When the investors buy or sell over 10%, 20%, 25%, 33%, 50% or 66% of the issued shares.

The disclosure must be done through notifying the Securities Commission and publishing a (paid) note in a daily newspaper. The deadline for the disclosure is eight (8) days after reaching / crossing the thresholds.

In practice, the brokerage houses publish the note in the newspaper for the investor.

Ownership restrictions for foreign investors

According to the state-level "Law on Foreign Direct Investment", foreign investors have the same rights as domestic investors, including bidding on privatization tenders. The primary exceptions are the defense industry and the media sector, where foreign ownership is restricted. In defense industry companies, foreign control or ownership is limited to 49%; however, the Entity governments can waive this limit if it seems justified in specific cases. Foreigners are also restricted in owning more than 49% of public television and radio services.

Takeover / Tender offers

According to the Law on Company Takeover (Official Gazette of FB&H, No. 77/15) Article 9, the entity that acquires shares, together with the shares that are already in possession, exceed a threshold of 25% of the total number of voting shares, must notify the Securities Commission and the issuer, and must publish a takeover offer in accordance with the terms and conditions defined by this Law. If an entity that acquired less than 75% of the issuer's voting shares based on a takeover bid wishes to acquire further shares of the issuer, it must publish a takeover bid in accordance with the terms and conditions defined by this Law.

Corporate actions

Information about corporate events is usually announced during the companies' general assembly (ordinary or extraordinary). In accordance with the Law on Business Companies, companies are obliged to publish information about the upcoming AGMs 20 days prior to the meeting in at least one local newspaper. This information is also regularly published at the web site of the Sarajevo Stock Exchange, along with the agenda of the shareholder's assembly.

The most frequent corporate actions include:

- Increase or decrease of capital
- Acquisitions
- Takeover offers (tender-offers)
- Merger
- Stock splits

Taxation

Capital gains tax – As of 2025, there is no tax on capital gains in FB&H for foreign persons as well as for domestic persons and legal entities. At this moment capital gains tax (10%) is applied on non-resident legal entities. Bosnia and Herzegovina has signed a number of Double Taxation Treaties, which in most cases don't give right to Bosnia to tax this income.

Dividend tax – As of 2025, there is no tax on dividends in FB&H for foreign persons as well as for domestic persons and legal entities. Dividends are taxable by 5% and this applies only to non-resident legal entities.

6. Members of the Exchange



ASA BANKA D.D. SARAJEVO

*Trg međunarodnog prijateljstva 25
71 000 Sarajevo
tel.:+387 33 586 832
fax:+387 33 586 874
e-mail: broker@asabanka.ba
web: www.asabanka.ba*
Member since 2016



UNIBROKER D.O.O. SARAJEVO

*Skenderija 46
71 000 Sarajevo
tel.:+ 387 33 561-660
fax:+387 33 561-661
e-mail: info@unibroker.ba
web: www.unibroker.ba*
Member since 2007



RAIFFEISEN BANK D.D. SARAJEVO

*Zmaja od Bosne bb
71 000 Sarajevo
tel.:+ 387 33 443-911
fax:+387 33 287-649
e-mail: investicijsko.bankarstvo@rbb-
sarajevo.raiffeisen.at
web: www.rbr.ba*
Member since 2003



VGT-BROKER D.O.O. VISOKO

*Alaudina 3
71 300 Visoko
tel.:+387 32 730-540
fax:+387 32 730-541
e-mail: vgt@vgt-broker.ba
web: www.vgt-broker.ba*
Member since 2002

7. Profile of the Exchange

Company name:

Sarajevska berza - burza d.d. Sarajevo
Sarajevo Stock Exchange joint stock company

Established: September 13th, 2001

Registered by the competent court under registration No. 1-23311

Address: Đoke Mazalića 4/II
71000 Sarajevo
Bosnia and Herzegovina

Telephone: +387 33 251 460
+387 33 251 462

Fax: +387 33 251 478

E-mail: contact@sase.ba

Web-site: www.sase.ba

Number of employees: 10

General Manager: Tahir Taslaman

Organizational Chart



