GUIDANCE AND INSTRUCTIONS

Listed and MTF companies

FINANSINSPEKTIONEN

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ABOUT THIS GUIDE

This guide is primarily intended to support people working at listed and MTF companies and their advisors. The guide aims to provide information about applicable regulations, clarify Finansinspektionen's (FI) working methods and considerations when processing matters relating to the above companies and contribute to the efficient processing and consistent application of regulations. The guide is not legally binding and FI's comments regarding interpretation and application of applicable rules of law shall therefore not be given normative significance. This means, for example, that FI's assessment of an individual case may deviate from this guide.

Matters related to prospectuses are only mentioned on a general level in this guide. A more detailed prospectus guide is available on FI's website, www.fi.se.

This guide is updated on an ongoing basis and is available on FI's website. Questions about its content can be directed to Market Monitoring, +46 8 408 981 44, email: borsbolag@fi.se.

Abbreviations and terms

EEA	European Economic Area
ESMA	European Securities and Markets Authority
FFFS	Finansinspektionen's Regulatory Code
FI	Finansinspektionen
IFRS	International Financial Reporting Standards
Inside information	Information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments. For a more detailed definition, please refer to Article 7 of MAR. MAR is defined below. **Listed company** Company whose securities are admitted to trading on a regulated market
MAD	Market Abuse Directive. Directive 2014/57/EU of the European Parliament and of the Council on criminal sanctions for market abuse.
MAR	Market Abuse Regulation. Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.
MiFID	Directive of the European Parliament and of the Council on markets in financial instruments and on the amending Council Directives 85/611/EEC and 93/6/EEC, and the Directive (2000/12/EC) of the European Parliament and of the Council and repealing Council Directive 93/22/EEC
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (legislation adapting to MiFID II is expected to enter into force on 3 January 2018 according to a proposal from the Commission).
MTF companies	Companies whose securities are admitted to trading on a multilateral trading facility (MTF).
Prospectus Directive	Directive 2010/73/EU of the European Parliament and of the Council amending 2003/71/EC from 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/43/EC

Prospectus Regulation	Commission Regulation (EC) No. 809/204 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements
Takeover Directive	Directive 2004/25/EC of the European Parliament and of the Council on takeover bids
Trading venue regulations	Finansinspektionen's regulations (2007:17) regarding operations on trading venues
Transparency Directive	Directive 2004/109/EC of the European Parliament and of the Council on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC. Most recently modified through Directive 2013/50/EU.

INTRODUCTION

This guide replaces Guide for Listed Companies (Ref 11-1971). Some of the sections from the old guide have been extensively rewritten as a result of EU's new Market Abuse Regulation 596/2014/EU (MAR) and Market Abuse Directive 2014/57/EU. The new legislation introduces significant changes for companies with listed financial instruments, primarily with regard to insider reporting (now called transactions by persons discharging managerial responsibilities), logbooks (now called insider lists) and disclosure of inside information. The changes within these areas affect both companies on a regulated market and companies whose securities are admitted to trading on multilateral trading facilities (hereafter referred to as MTF companies). In Sweden there are two regulated markets for trading shares, which are operated by Nasdaq Stockholm AB and Nordic Growth Market NGM AB, and three MTF platforms, First North, Nordic MTF and Aktietorget.

MAR's provisions aim, for example, to counteract market abuse and ensure that investors have access to fast, relevant and clear information in order to assess the price of shares and other financial instruments. Confidence in securities trading is upheld through good market transparency.

Disclosure of inside information

According to Article 17 of MAR, issuers of financial instruments (issuers) shall inform the public as soon as possible about inside information that directly affects that issuer. The objective of the provision is to avoid price-sensitive information from only being available to a limited number of people, who then may use this information for insider trading.

The information shall be disclosed in a manner which enables fast access and complete, correct and timely assessment of the information by the public. An additional requirement is that the information be kept available on the issuer's website for at least five years.

The obligation to disclose information rests as of 3 July 2016 on issuers who have themselves requested or approved admission of their financial instruments to trading or otherwise approved trading on a regulated market or MTF platform.

The issuer may, on its own responsibility, delay disclosure to the public of inside information provided that all of the conditions set out in Article 17(4) of MAR are met. The conditions are as follows:

- Immediate disclosure risks undermining the legitimate interests of the issuer.
- It is not likely that delayed disclosure would mislead the public.
- The issuer can ensure that the information will remain confidential.

Guidelines regarding what may be considered "legitimate interests" and "misleading information" with regard to delayed disclosure are available from ESMA[1].
Once the information has been disclosed to the public, the issuer is obligated immediately after the disclosure to inform FI that the disclosure was delayed. Upon request from FI, the issuer shall also submit a written explanation stating how the conditions for the disclosure delay were met. The request shall follow the form requirements set out in (EU) 2016/1055.

Information about the delay of disclosure of inside information shall be submitted to FI via email at finansinspekionen@fi.se. The email shall include the name and contact details of the person submitting the information (email and telephone number), the heading of the disclosure and the reference number (if relevant). The date and time of the disclosure and the decision to delay the disclosure shall also be included, as well as the identities of all persons responsible for the decision to delay the disclosure. The email's heading shall include "Article 17" and the issuer's full, official name. FI recommends that the email be sent encrypted.

1 Guidelines on the Market Abuse Regulation - market soundings and delay of disclosure of inside information (ESMA/2016/1130),

Stock exchange information

REGULATED MARKET

This section only relates to companies with instruments listed on a regulated market. The term “regulated market” is defined in Chapter 1, section 5, line 20 of the Securities Market Act. There are currently two stock exchanges in Sweden with the possibility of admitting shares to trading: Nasdaq Stockholm AB and Nordic Growth Market NGM AB. Foreign stock exchanges within the EEA are also included in this definition. However, stock exchanges outside of the EEA are not included. A stock exchange is a Swedish limited liability company or a Swedish economic association that has received authorisation from FI to operate one or more regulated markets for trade in financial instruments.

It should be noted that it is the stock exchange that decides if a company’s financial instruments shall be admitted to trading on a regulated market. FI does not process the matter of admission to trading. A listed company enters an agreement with the stock exchange, and in so doing not only becomes subject to public provisions set out in legislation and regulations, but also to the stock exchange’s regulations.

Trading on a regulated market

The requirements placed on companies whose shares are traded on a regulated market are stricter than those on companies whose shares are traded on another market place. The requirements placed on companies whose shares are traded on a regulated market include the following:

- their consolidated financial statements must be prepared according to IFRS,
- price-sensitive information and regular financial information shall be submitted to FI, and
- changes in the number of shares or votes must be disclosed on the last trading day of the month.

HOME MEMBER STATE

A listed company that has its registered office in Sweden and whose securities are admitted to trading on a regulated market in Sweden as a rule has Sweden as its home Member State. If the company has securities admitted to trading on one or several foreign regulated markets, the company is also subject to the regulations applicable in the country in question, which is called the host Member State.

A country may prescribe stricter regulations than those prescribed by the Transparency Directive for companies who have that country as their home

Member State, but not for companies who have the country as their host Member State.

Listed companies that are not domiciled in Sweden may have Sweden as their home Member State. Regulations regarding companies' home and host Member States are set out in Chapter 1, sections 7–10 of the Securities Market Act (note the modified wording in sections 8 and 9 and two new sections, 9a and 9b) that went into force on 1 February 2016. If a company may select its home Member State, it shall disclose its selection and report it to FI.

There are also home Member State regulations set out in Chapter 2, sections 37–40 of the Financial Instruments Trading Act. These regulations become relevant in specific situations; for example they specify which country is authorised to process an application for approval of a prospectus. One of the objectives of the revised Transparency Directive (2013/50/EU) has been to more closely integrate the separate wordings about the home Member State in the Securities Market Act and the Financial Instruments Trading Act.

STOCK EXCHANGE INFORMATION DATABASE

Listed companies are subject to a disclosure obligation regarding information about its operations and securities of significance when assessing the value of its securities. This information shall also be submitted to FI, where it is stored and made available in FI's stock exchange information database.

What shall be disclosed?

Examples of information that shall be disclosed include:

- regular financial information (Chapter 16 of the Securities Market Act):
    - annual and consolidated financial statements
    - semi-annual reports
    - reports regarding payments to authorities
- other price-sensitive information (Chapter 15, section 6 of the Securities Market Act)

Further requirements on the disclosure of information may ensue from the regulations established by the stock exchanges and with which listed companies undertake to comply in connection with their securities being admitted to trading.

How shall the information be disclosed?

The information shall be disclosed such that it quickly and in a non-discriminatory way is made available to the general public within the EEA.

Information storage at FI

Disclosed information shall be submitted at the same time to FI for storage and to be made available on FI's website. According to Chapter 10, section 16 of the trading venue regulations, this information shall be submitted to FI electronically. It is recommended that the submission have a descriptive heading to help clarify the information. Listed companies often use news distribution agencies to disclose information. These distribution agencies may also undertake to submit the disclosed information to FI. However, the listed company always bears ultimate responsibility for ensuring that FI receives the information. More detailed instructions about the practical procedure for submitting information to FI can be found on FI's website. Storage of information at FI ensures the fulfilment of the requirements set out in the Transparency Directive that information shall be kept available for the public for at least ten years.

Language

Chapter 10, section 13 of the trading venue regulations contains provisions regarding the language of the disclosure of information. If the company's securities are admitted to trading only in Sweden, and the company has Sweden as its home Member State, the information shall normally be disclosed in Swedish. If the company's securities are admitted to trading in both Sweden and one or several other EEA countries (with Sweden as the home Member State), the information shall be disclosed in Swedish as well as in one of the languages accepted by the competent authorities in the other countries. Companies whose securities are admitted to trading in Sweden but who have another EEA country as their home Member State shall disclose the information in Swedish or English.

Following the submission of an application, FI may grant exemptions from the language provisions. Exemptions have thus far been issued in certain cases for companies wishing to publish prospectuses and ongoing information in English. The companies in these cases have been foreign companies whose shareholder composition is such that they may be expected to provide the information in English.

SANCTIONS

The stock exchanges are responsible for monitoring that listed companies comply with the applicable regulations regarding the disclosure of financial information and other price-sensitive information, and FI in turn monitors the stock exchanges in this respect.

FI may request a correction from and charge a fine to listed companies that do not disclose regular financial information or changes in the rights associated with securities or that do not submit such information to FI. FI may also request a correction from or charge a fine to listed companies that have engaged a news distributor to meet their obligations. Furthermore, pursuant to the provisions set out in Chapter 25 of the Securities Market Act, FI shall decide on whether to charge an issuer an administrative fine for not disclosing such information.

Major shareholding notifications

MAJOR SHAREHOLDING NOTIFICATION OBLIGATION

The rules regarding the major shareholding notification obligation affect companies that have issued shares admitted to trading on a regulated market. Major shareholding notification denotes the disclosure of changes in major blocks of shares in listed companies when the holding has reached or passed certain threshold values. The obligation to submit notification of major shareholdings applies to both natural and legal persons. The major shareholding notification shall be sent to both the listed company and FI. FI publishes the major shareholding notification. The major shareholding notifications are subsequently stored in FI's stock exchange information database and are available there.

The purpose of these regulations is to provide good transparency of the ownership structure of the listed company, thus increasing the confidence of the general public in the securities market.

The provisions regarding major shareholding notifications are contained in Chapter 4 of Financial Instruments Trading Act. This act is supplemented by provisions set out in Chapter 12 of the trading venue regulations, including specification of which information shall be included in the major shareholding notification.

Threshold values

Chapter 4, section 5 of the Financial Instruments Trading Act specifies that notification shall be submitted of a change in a holding if the change involves the percentage of all shares in the listed company or of the votes for all shares in the listed company to which the holding corresponds reaching or exceeding any of the limits 5, 10, 15, 20, 25, 30, 50, 66 2/3 and 90 per cent, or falling below any of these limits. Note that the provisions apply to all shares in the listed company. This means that all types of shares, if at least one of them is admitted to trading on a regulated market, shall be included. The listed company's repurchased shares shall also be included.

Holdings subject to major shareholding notification

According to the main rule, a person's shareholding comprises the shares held by the person in his or her own name – for his or her own account on the one hand and on behalf of a third party on the other (Chapter 4, section 4 of the Financial Instruments Trading Act). However, there are several provisions in Chapter 4 of the Financial Instruments Trading Act that specify situations in which shares shall be included in a person's holding even though they are formally held by a third party (so-called aggregation regulations). A change in on person's holding can thus trigger a major shareholding notification obligation for another person.

Major shareholding notification obligation regarding financial instruments other than shares

The major shareholding notification provisions apply not only to holdings of shares but also to holdings of certificates of deposit that entail a voting right for the shares to which the certificate of deposit refers. They also include financial derivatives that grant entitlement to acquire already issued shares and other derivatives that refer to the same underlying shares and that have a similar economic effect as holding the derivatives that grant entitlement to acquire already issued shares, whether they are entitled to physical or cash settlement.

The instruments covered by the major shareholding notification obligation are specified in Chapter 4, section 2 of Financial Instruments Trading Act.

Major shareholding notification obligation in the acquisition and disposal of own shares

A listed company that acquires or disposes of its own shares and thus reaches, exceeds or falls below any of the limits specified in Chapter 4, section 5 of the Financial Instruments Trading Act shall disclose this as soon as possible but at the latest by noon on the third trading day following the acquisition or disposal.[2] No notification of major shareholding shall be submitted to FI. Disclosure shall instead occur in the usual manner through a press release published on the website of the listed company. The press release shall also be sent to FI's stock exchange information database. Refer also to Buybacks and Stabilisation Trading with regard to reporting to the stock exchange.

As of 1 February, an exemption will be inserted into section 3 and section 9 of the Financial Instruments Trading Act for shares acquired within the framework of a buyback program and stabilisation of financial instruments. The exemption requires that the procedures comply with the provisions set out in Commission Regulation (EC) No 2273/2003 implementing MAD with regard to exemptions for buy-back programs and stabilisation of financial instruments. Another requirement is that the voting rights for these shares may not be exercised or in any other way intervene in the management of the issuer.

PASSIVE MAJOR SHAREHOLDING NOTIFICATION OBLIGATION

Obligation of the listed company

According to Chapter 4, section 9, first paragraph of the Financial Instruments Trading Act, a listed company is obliged to disclose corporate events that have resulted in a change in the number of shares or votes. Disclosure shall occur on the last trading day of the month. In other words, it does not suffice to disclose the change directly. Disclosure of the information shall occur in the same manner as that described in the section Stock Exchange Information.

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2 However, according to the Companies Act, it is not possible for the company to acquire more than 10 per cent of its own shares.

Obligation of the shareholder

A shareholder who in a share issue, for example, chooses not to subscribe to new shares and whose shareholding is thus diluted, may pass a major shareholding notification limit.

The major shareholding notification obligation of a shareholder whose holding has passed a threshold due to a similar corporate event occurs only after the listed company has disclosed the change in the total number of shares or votes on the last trading day of the month. The shareholder thus only needs to verify once a month if a change in the number of shares in the listed company has occurred (Chapter 4, section 5, second paragraph and section 9 of the Financial Instruments Trading Act).

DEADLINES AND NOTIFICATION

The deadlines for major shareholding notifications are short. Information regarding acquisitions or disposals of major shareholdings are typically of great interest to the market and should thus be disseminated as quickly as possible.

According to Chapter 4, section 10 of the Financial Instruments Trading Act, a major shareholding notification shall be received by both the listed company and FI as soon as possible, but at the latest on the third trading day following the day the major shareholding notification obligation arose. If the transaction is conducted on a regulated market, the notification shall be submitted as soon as possible, but at the latest on the third day following the day of the transaction. If the transaction is not conducted on a regulated market, the notification shall be submitted as soon as possible, but at the latest on the third day following the contract date. If the obligation to notify of a major shareholding emerges through a change in the number of shares in the listed company, the notification must be received as soon as possible but at the latest on the third trading day after the listed company disclosed the change in the total number of shares or votes on the last trading day of the month.

FI publishes the information submitted in a major shareholding notification. This shall occur at the latest by noon on the trading day after the day the notification was received by FI. The person submitting the major shareholding notification is responsible for the accuracy of its content and for the notification being submitted to FI on time. It is not incumbent upon FI to verify the content of a notification and FI is not liable in the event of a major shareholding notification being erroneous despite the fact that FI publishes the information. The information to be contained in a notification is specified in Chapter 12, section 10 of the trading venue regulations.

Major shareholding notifications are stored after disclosure and are searchable in the stock exchange information database on FI’s website,

www.fi.se. There is also information here about how to submit notification of a major shareholding directly via FI's website using e-identification.[3]

SANCTIONS

FI shall decide on whether an administrative fine shall be charged to a person who does not fulfil its obligations according to Chapter 4, sections 3 or 9, first and second paragraphs of the Financial Instruments Trading Act within the prescribed time.

The administrative fine shall be a minimum of SEK 15,000. The highest possible fine depends on a number of circumstances and is also dependent on whether the matter is related to a natural or legal person. Details outlining the factors taken into consideration when determining the maximum amount are set out in Chapter 6, section 3b of the Financial Instruments Trading Act. FI may wholly or partly waive the fine if the breach is negligible, excusable or if there are other special reasons. FI has published guidelines for determining sanctions related to breaches of the major shareholding notification regulations. The guidelines are available on FI's website.[4]

3 Note that a major shareholding notification made using e-identification on FI's website is not automatically sent to the listed company; a separate notification must be sent.

4 FI Ref. 16-2956.

Insider list

LIST OF PERSONS WITH ACCESS TO INSIDE INFORMATION

Issuers who have applied for or approved that their financial instruments be admitted for trading on a regulated market or MTF platform shall continuously maintain a list of all persons who have access to inside information and who are working for them under a contract of employment, or otherwise performing tasks through which they have access to inside information, such as advisers, accountants or credit rating agencies. This list is called the "insider list".

Provisions regarding the insider list are set out in Article 18 of MAR. The purpose of the provisions is, on the one hand, to facilitate investigations into prohibited insider trading and, on the other hand, to prevent persons with access to inside information from using the information for their own gain or that of another. The insider list also acts as an instrument that allows the issuer to gain control over which persons hold a specific piece inside information.

If a third person trades on behalf of the issuer or undertakes on behalf of the issuer to draw up and update the list, the issuer remains responsible in full for compliance with the provisions.

The list shall be saved for at least five years after it was drawn up or after the date when it was last updated.

Content of the insider list

The insider list shall contain the persons who have access to inside information. The list shall be updated promptly. Since multiple pieces of inside information can exist within a firm at the same time, the insider list shall be divided into separate sections for each piece of inside information. Examples of different types of events containing inside information include a deal, a project, a corporate or a financial event, publication of financial statements or profit warnings.[5]

Requirements regarding formats and templates for the insider list are set out in Commission Implementing Regulation (EU) 347/2016.

To avoid multiple entries of the same individuals in different sections of the insider lists, the issuer may decide to draw up and keep up-to-date a supplementary section of the insider list, referred to as *the permanent insiders section.* This section shall include information regarding those persons who have access at all times to all inside information (Article 2(2)) within the above-mentioned Implementing Regulation. This section is of a different nature to the rest of sections of the insider list since it is not created upon the existence of a specific piece of inside information. In such a case, the permanent insiders section should only include those persons

5 Whereas point (3) in Commission Implementing Directive (EU) 2016/347.

who, due to the nature of their function or position, have access at all times to all inside information within the issuer.[6]

According to Article 18(3) of MAR, the insider list shall as a minimum include the following in italics (other information is required pursuant to the Implementing Regulation):

- *The identity of any person having access to inside information.* Identification requires more information than the first name and surname, such as the address and position or personal identification number.
- *The reason for including that person in the insider list.* The role of each person in the ongoing process shall be specified. The specific piece of insider information held by the person shall be specified.
- *The date and time at which that person obtained access to inside information.*
- *The date on which the insider list was drawn up.*

The insider list shall be updated when there is a change in the reason for including a person already on the insider list, when there is a new person who has access to inside information and needs, therefore, to be added to the insider list or when a person included in the list ceases to have access to inside information. The list shall be updated promptly.

Each update shall specify the date and time when the change triggering the update occurred.

Notification of the implications of being entered in the insider list

Persons included in the insider list shall be informed about what this entails and the issuer shall take all reasonable steps to ensure that all persons on the insider list acknowledge in writing that they are aware of the legal duties related thereto and of the sanctions applicable to breaches of the bans on market abuse (18(2)).

Format of the insider list

The list of persons with inside information shall be drawn up in an electronic format and this format shall ensure the confidentiality of the content of the list by restricting access to clearly identified persons. This shall ensure that the insider list can be made available to FI as soon as possible upon request and that an investigation is not endangered by having to seek information from the persons in the insider list.[7]

SANCTIONS

FI will not be able to decide on administrative fines pursuant to MAR as of 3 July 2016. This requires special legislative measures. FI may instead decide on an administrative fine pursuant to the Reporting Obligations for Certain

6 Whereas point (4) in Commission Implementing Directive (EU) 2016/347.

7 Whereas point (7) in Commission Implementing Directive (EU) 2016/347.

Holdings of Financial Instruments Act following breaches of certain provisions of MAR.

FI is thereby able to intervene and decide on an administrative fine in respect of the disregarded provisions of MAR regarding insider lists in Article 18 of MAR. This means that persons who disregard their obligation to draw up, update or submit to FI an insider list (Articles 18(1) and 18(3)-18(6)), and persons who disregard their obligation to ensure that all persons included on an insider list acknowledge in writing that they are aware of their obligations (Article 18(2)) may be subject to an administrative fine.

The administrative fines that FI shall decide upon in the event of breaches of MAR correspond to the amounts set out previously in the Reporting Obligations for Certain Holdings of Financial Instruments Act.

Transactions conducted by persons discharging managerial responsibilities

Entry into force of Article 19 of MAR introduces new rules for reporting insider trading as of 3 July 2016. The scope of the application includes both listed companies and MTF companies, but will be further expanded in conjunction with the entry into force of MiFID II.

According to Article 19, persons discharging managerial responsibilities (PDMRs), as well as persons closely associated with them, shall notify the company (the issuer) and FI of every transaction conducted on their own account relating to the shares or debt instruments of that issuer or to derivatives or other financial instruments linked thereto. The obligation to submit notification of transactions arises as soon as the transactions' total amount reaches EUR 5,000 within a calendar year. This total amount also includes the transaction that triggered the threshold being reached or passed[8]. The provision does not apply retroactively, which means that transactions prior to 3 July shall not be included in the calculation.

The total amount of the transactions is calculated without netting, which means that the considerations paid/received for purchases/sales are not summed to reach a total amount. Because the threshold is specified in EUR, it is necessary to convert transactions in SEK to EUR. FI considers the daily conversion rate published on the Riksbank's website[9] to constitute a reasonable exchange rate. An alternative to the Riksbank is ECB's daily foreign exchange reference rates[10]. These rates should be used until further notice when calculating whether a notification obligation has arisen.

PDMRs and persons closely associated with them shall comply with the notification regulations that apply in the Member State within the EU where the issuer is registered. If the issuer is not registered in a Member State, the notification shall instead be submitted to the competent authority in the home Member State. However, the term "home Member State" is only applicable to issuers on regulated markets. For affected MTF companies that do not have a home Member State, the notification is submitted in such cases to the competent authority for the trading venue. FI would therefore like to emphasise for persons subject to the notification obligation that they should verify to which competent authority they must submit their notification.

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8 This interpretation is laid forth in a feedback statement from ESMA in the document, *Final Report – Draft TS on the Market Abuse Regulation (s. 181, point 328):*

https://www.esma.europa.eu/sites/default/files/library/2015/11/2015-esma-1455_-_final_report_mar_ts.pdf

9 http://www.riksbank.se/

10 https://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html

RESPONSIBILITIES OF THE ISSUER

The issuer is responsible for notifying PDMRs in writing (email is sufficient) about their obligations subject to Article 19. In order to be able to confirm when needed that this obligation has been met, FI considers it to be desirable for the issuer to also ensure that it receives in return written confirmation that PDMRs received the notification. In addition to this, the issuer shall draw up a list of all of the PDMRs at the issuer and closely related persons to them (not to be confused with the insider list, which is discussed in the previous section). This list shall not be sent to FI regularly, although FI is entitled to request a copy of the list if the need were to arise (Article 23(2)(a) of MAR).

Since the transactions shall be reported to both FI and the issuer, FI recommends that affected issuers ensure that they have the capacity to receive such notifications. One way for rapporteurs to submit notification of the transaction to the issuer is to forward the receipt received from reporting in FI's electronic reporting system by email or post to the company.

The issuer is entitled to grant or provide authorisation for exemption from the trading ban for PDMRs (Article 19(12)). More information regarding the circumstances under which such an exemption may be granted is specified in a delegated regulation.[11]

PERSONS DISCHARGING MANAGERIAL RESPONSIBILITIES

Persons discharging managerial responsibilities are defined as follows (Article 3(25) of MAR):

"a person within an issuer […] who is:

a) a member of the administrative, management or supervisory body of that entity; or

b) a senior executive who is not a member of the bodies referred to in point (a), who has regular access to inside information relating directly or indirectly to that entity and power to take managerial decisions affecting the future developments and business prospects of that entity."

Persons considered to be included in the group set out in point a) above are the CEO, Board members and the deputy CEO and Board members[12]. These persons are obligated to notify in writing persons closely associated with them about their obligations pursuant to Article 19 and to keep a written copy of this notification (Article 19(5)). FI considers an email to be sufficient to fulfil the term *"written"* in this respect.

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11 Commission Delegated Regulation (EU) 2016/522, available at: http://eur-lex.europa.eu/legal-content/SV/TXT/?qid=1467635514791&uri=CELEX:32016R0522

12 Please also refer to information on FI's website (in Swedish) under Q&A: http://www.fi.se/Regler/Marknadsmissbruk-Mar/Fragor-och-svar/Insynsrapportering---vem/

As mentioned in the introduction to this chapter, an obligation for these persons to report all changes in holdings in the issuer arises as soon as the total transactions during the calendar year has reached EUR 5,000.

RESPONSIBILITIES OF CLOSELY ASSOCIATED PERSONS

Closely associated persons are responsible for reporting all transactions conducted on their own account in the issuer as soon as the transaction amount of EUR 5,000 has been reached during the calendar year. This is set out in Article 19(1) of MAR.

Persons closely associated with PDMRs can be both natural and legal persons and are defined in MAR as follows (Article 3(1)(26)):

a) a spouse, or a partner considered to be equivalent to a spouse in accordance with national law,

b) a dependent child, in accordance with national law,

c) a relative who has shared the same household for at least one year on the date of the transaction concerned; or

d) a legal person, trust or partnership,
   - (i) the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person referred to in point (a), (b) or (c),
   - (ii) which is directly or indirectly controlled by such a person,
   - (iii) which is set up for the benefit of such a person, or
   - (iv) the economic interests of which are substantially equivalent to those of such a person.

Please note FI's information regarding the prevailing uncertainty regarding the definition of closely associated legal persons (point d above).[13]

REPORTING OF TRANSACTIONS

Notification of transactions that shall be reported need to be submitted to both the issuer and FI. Notification shall be submitted promptly and no later than three business days after the date of the transaction (Article 19(1), first paragraph).

Transactions are reported via FI's website. Please note that new users must first register on FI's website and create a user profile before they will be able to log into the reporting system. After the rapporteur has filled in the electronic form and approved the report, it is sent to FI for immediate publication on the website. The receipt sent to the rapporteur may be sent to the issuer.

13 More on this is available via the following link (in Swedish): http://www.fi.se/Regler/Marknadsmissbruk-Mar/Listan/Information-om-definitionen-av-narstaende-artikel-3126-Mar/

It is important to note in this context that several types of transactions are subject to the notification obligation. For example, notification must be submitted for transactions conducted within the framework of life insurance (such as endowment insurance), given that the threshold has been reached or passed. This applies to PDMRs or persons closely associated with them if the person in question bears the investment risk and has the authority to make investment decisions within the framework of the insurance.

TRADING BAN

Article 19(11) of MAR contains a general ban on PDMRs at the issuer trading in shares or debt instruments issued by the issuer and derivatives or other financial instruments linked to them. The ban applies to transactions that are conducted either directly or indirectly, on a person's own account or for the account of a third party, for a period of 30 calendar days before the announcement of an interim financial report or a year-end report that the issuer is obligated to make public in accordance with Swedish law or provisions on the trading venue where the issuer's shares are admitted to trading.

Article 19(12) specifies the circumstances under which exemptions may be granted from the ban. Exemptions from the ban are granted by the issuer and may become relevant either on a case-by-case basis due to the existence of exceptional circumstances, such as severe financial difficulty, which require the immediate sale of shares or due to the characteristics of the trading involved for transactions made under, or related to, an employee share or saving scheme, qualification or entitlement of shares, or transactions where the beneficial interest in the relevant security does not change.

SANCTIONS

FI will not be able to decide on administrative fines pursuant to MAR as of 3 July 2016. This requires special legislative measures. FI may instead decide on administrative fines pursuant to the Reporting Obligations for Certain Holdings of Financial Instruments Act following breaches of certain provisions in MAR. FI is thereby able to intervene and decide on administrative fines for the disregarded provisions governing the notification obligation for certain transactions (Article 19) and the ban on trading (Article 19(11)).

This means that FI shall decide whether to charge an administrative fine to the person who disregards their obligation to notify FI and concerned firms or bodies about personal transactions (Articles 19(1), 19(2), 19(6) and 19(7)), and the person who disregards their obligation to keep a list of PDMRs and persons closely associated with them or to notify in writing PDMRs or persons closely associated with them about their obligations pursuant to Article 19 of MAR (Article 19(5)). FI shall also decide whether to charge an administrative fine to the person that conducts transactions in violation of the ban set out in Article 19(11) of MAR.

The administrative fines that FI shall decide upon in the event of breaches of MAR correspond to the amounts set out previously in the Reporting Obligations for Certain Holdings of Financial Instruments Act.

Financial Reporting Supervision

CONTENT, ORGANISATION AND PURPOSE OF THE SUPERVISION

Regular financial information (annual reports, half-yearly reports) published by listed companies on one of the Swedish regulated markets, according to Chapter 16, section 13 of the Securities Market Act, shall be monitored by the stock exchange that operates the market.[14] FI is the competent authority for financial reporting supervision and has issued regulations in Chapter 5 of the trading venue regulations regarding how the monitoring is to be conducted. FI shall monitor that the stock exchanges meet their obligation to have a monitoring function that works well. Swedish companies whose securities are traded on a stock exchange in the EEA but not in Sweden are directly monitored by FI.

The stock exchanges' monitoring function shall be organised such that it is independent from the commercially driven operations (Chapter 13, section 2 of the Securities Market Act). The tasks associated with monitoring consist of verifying that the regular financial information is prepared on time and that it is in accordance with applicable provisions such as IFRS and the Annual Accounts Act (Chapter 16, section 13 of the Securities Market Act). The purpose of the monitoring is to protect investors and safeguard the confidence of the general public in the securities market by contributing to increased openness in financial information.

The stock exchanges' monitoring shall also take into consideration and contribute to the consistent application of IFRS within the EEA. The stock exchanges shall also assist FI in European supervisory work.

SANCTIONS

If the stock exchanges discover breaches in the content of financial information, it is primarily the duty of the stock exchange to ensure that the listed companies take remedial measures. These measures shall be efficient, prompt and in proportion to the breach. Breaches may lead the stock exchange to issue a sanctions to the listed companies.

If a listed company fails to correct its financial information following the request of the stock exchange, the latter is obliged to report this to FI. It is then FI's duty to independently investigate these matters and decide on measures.

Provisions regarding FI's possibilities for intervention against issuers are set out in Chapter 25, sections 18–24 of the Securities Market Act. FI can

14 Listed companies who have another home Member State in the EEA are reviewed by bodies in that State, instead of by their Swedish stock exchange.

order an issuer to take remedial measures. FI can also decide to issue a caution combined with an administrative fine.

Reports regarding payments to authorities

Listed companies that conduct operations within extractive industries or the logging of natural forest shall disclose a report no later than six months after the end of each financial year on payments to authorities (Chapter 16, section 6). The report shall be prepared in accordance with sections 4–7 and 10 of the Reporting of Payments to Authorities Act (2015:812).

Payments to governments shall be reported at the consolidated level, i.e. for the Group as a whole.

The report is considered regular financial information, like annual reports and semi-annual reports, which means that FI may intervene against the issuer pursuant to the provisions set out in Chapter 25, sections 18–24 of the Securities Market Act.

ESMA – guidelines on alternative key figures

On 3 July 2016, new guidelines will be introduced in the EU regarding alternative key figures. FI will be applying the guidelines as of the day they enter into force.

The guidelines apply to alternative key figures that are announced by issuers or persons responsible for the prospectus in the event they announce mandatory information and prospectuses (and addendums). The guidelines aim to make alternative key figures in prospectuses and mandatory information more comprehensible, reliable and comparable and thus promote their usability.

By following the guidelines, issuers and persons responsible for preparing prospectuses shall be able to provide a fair and accurate overview of the financial conditions on the market.

In its financial reporting supervision, FI will check that the listed firms are following the guidelines, and FI makes the assumption that the stock exchanges are doing the same in their financial reporting supervision.

More information is available at http://www.fi.se/Regler/Internationellt/EU-samordning/Vardepapper-Esma/Listan/FI-tillampar-nya-Esma-riktlinjer-om-alternativa-nyckeltal/.

Prospectuses and public takeover bids

PROSPECTUSES

A prospectus must be prepared when transferable securities are offered to the general public or admitted to trading on a regulated market, if no exemption is applicable. FI reviews and approves the prospectuses. The regulations about prospectuses do not only apply to listed companies; every public company that intends to submit an offer to the general public regarding the acquisition of transferable securities may be subject to the prospectus regulations.

More information about the regulations relating to prospectuses, their content and how to apply for prospectus approval is available on FI's website. The document *Review of prospectuses – a guide*, which is intended to provide support to issuers and advisors in the preparation of prospectuses, is also available on the website.

PUBLIC TAKEOVER BIDS

A public takeover is a public offer to purchase a listed company's shares. The offer can apply to all or some of the shares, and can be voluntary or obligatory (a mandatory bid). The obligation to launch a bid applies when the purchaser's holdings reach or exceed 30 per cent of the number of votes for all shares, either alone or together with any related party. Then, the purchaser must also offer to buy the remaining shares in the company to which the offer refers (the target company).

Regulations regarding public takeover bids are set out in the Stock Market (Takeover Bids) Act, which in turn is based on the Takeover Directive. The Stock Market (Takeover Bids) Act only applies to shares that are admitted to trading on a regulated market. Furthermore, the provisions of Chapter 13, section 8 of the Securities Market Act prescribe that a stock exchange shall have regulations regarding public takeover bids that shall meet the requirements of the Takeover Directive. The Takeover Directive has thus been implemented through both self-regulation and public regulation.

FI is the supervisory authority that monitors compliance with the key provisions of the Stock Market (Takeover Bids) Act, while the stock exchanges monitor compliance with their regulations.

The Stock Market (Takeover Bids) Act contains provisions that a bidder shall undertake to comply with the regulations established by the stock exchange regarding public offers and subject itself to the sanctions decided by the stock exchange in the event of breach of the regulations. The Act also specifies when the obligation to launch a bid arises, when employees shall be informed about the offer and that protective measures may be taken by the board of directors of the target company only following the

approval of the general meeting. The bidder shall inform FI of the bid and the commitment vis-à-vis the stock exchange.

The regulations of the stock exchanges primarily contain provisions about the procedure itself of submitting an offer and the structure of the offer. Specifications include the terms that may be set for the implementation of a bid, the applicable deadlines, terms for acquisitions besides the offer and the obligations of the target company.

FI and the stock exchanges have delegated certain assignments regarding public offers to the Swedish Securities Council. On FI's part, the delegation was made through provisions in the trading venue regulations. The delegation of the stock exchanges are set out in their own regulations. The delegation from FI includes interpretation replies regarding whether there is an obligation to launch a bid and exemptions from the obligation to launch a bid. The Swedish Securities Council can also grant extended deadlines for preparing and applying for approval of a public takeover document. The decision of the Swedish Securities Council may be appealed to FI. In a corresponding manner, the Swedish Securities Council is responsible for interpretation replies and decisions about exemptions regarding the regulations of the stock exchanges.

A bidder shall prepare a public takeover document within four weeks of the offer and apply to FI for approval thereof. FI reviews, approves and registers the public takeover document. Further information regarding approval of public takeover documents is available on FI's website.

SANCTIONS

If there is reasonable cause to believe that an offer of transferable securities or an admission of transferable securities to trading on a regulated market is in breach of the provisions of the Financial Instruments Trading Act or the Prospectus Regulation, FI, in accordance with Chapter 6, section 1c of the Financial Instruments Trading Act may provisionally ban the offer or the admission to trading. The regulation also applies to public takeover bids. Such a ban may apply for a maximum of ten days. If a provision of the law or of the Prospectus Regulation has been breached, an offer of transferable securities to the general public may be permanently banned.

Advertisements for an offer of transferable securities to the general public, admission of transferable securities to trading on a regulated market or a public takeover bid may also be permanently banned on the grounds described in more detail in the Financial Instruments Trading Act.

According to Chapter 6, section 3a of the Financial Instruments Trading Act, FI shall decide on whether to charge an administrative fine for breach of the law. An administrative fine shall also be charged to a party that does not apply for approval of a prospectus or addendum when there is such an obligation (so-called cases of omission). Similarly, an administrative fine shall be charged for omitting to prepare a public takeover document.

An administrative fine shall also be charged when a company has prepared a prospectus or addendum to a prospectus, but has not complied with the

regulations in conjunction with the publishing of the prospectus, the addendum or the public takeover document (so-called cases of publicity).

The administrative fine shall be a minimum of SEK 15,000. The highest possible fine depends on a number of circumstances and is also dependent on whether the matter is related to a natural or legal person. Details outlining the factors taken into consideration when determining the maximum amount are set out in Chapter 6, section 3b of the Financial Instruments Trading Act. FI may wholly or partly waive the fee if the breach is negligible, excusable or if there are other special reasons.

Buybacks and stabilisation trading

ACQUISITION AND DISPOSAL OF OWN SHARES

Trading in own shares according to stock exchange regulations

Given certain circumstances, listed companies are permitted to acquire and dispose of their own shares. The legal stock exchange regulations regarding the disposal and acquisition of own shares contain provisions about the disclosure of buyback decisions and amount and price limitations for trading. Finally, there is also an obligation for the listed companies to report the trade to the stock exchange.

Acquisitions of own shares shall be reported to the stock exchange that operates the regulated market where the company's shares are admitted to trading. If the shares are traded on more than one market, this requires reporting to multiple stock exchanges. The reporting obligation is set out in Chapter 4, section 19 of the Financial Instruments Trading Act. FI's trading venue regulations contain rules on reporting that coincide with the market places' own regulations on the reporting of trade in own shares.

If the listed company's trading in own shares involves exceeding a major shareholding notification limit, the listed company shall disclose this. Read more about this in the section on major shareholding notifications.

Trade in own shares pursuant to MAR

Trade in own shares may occur not only in accordance with the stock exchange's regulations but also in accordance with MAR. Even if the scope for Article 5 of MAR includes MTF platforms, Swedish law does not allow trade in own shares on any venue other than a regulated market. The exemption from MAR for trade in own shares for a buyback program therefore can only become relevant for the buyback of shares in listed companies. MAR states that reports of trading in own shares pursuant to Article 5 shall be sent to the competent authority for the trading venues where the company's shares are admitted to trading. In Sweden, however, these reports are to be sent to the stock exchange where the company's shares are admitted to trading. The delegation of this responsibility is set out in Chapter 13 of the trading venue regulations.

As stipulated in section 9 of the Financial Instruments Trading (Market Abuse Penalties) Act, the regulations in the Act regarding insider trading and improper trading are not applicable to trading in own shares that occurs in accordance with Article 5 of MAR. The companies are said to reach a "safe harbour" and transactions that occur in accordance with Article 5 of the regulation cannot be considered to constitute any form of market abuse.

Only buyback programs that have a direct connection with one of the following three purposes are covered by MAR:

- decreasing capital at the issuer,
- meeting the obligations that arise as a result of convertible debt instruments, or
- meeting the obligations that arise as a result of the employee stock option programs and other share allocations to employees or members of administrative, management or governance functions at the issuer or closely related firms.

More details regarding rules on reporting, disclosure, price and time restrictions and maximum number of shares that may be acquired for the buyback programs are set out in a delegated regulation[15]. Please note that the exemption is only applicable for trade in own shares and thus not to related instruments.

If the buyback programme has a purpose other than the three specified above, recourse cannot be taken to the "safe harbour" exemption in the Financial Instruments Trading (Market Abuse Penalties) Act. In such a case, this is seen to resemble any other transaction, i.e. which can be subject to investigation and potentially lead to sanctions according to the Financial Instruments Trading (Market Abuse Penalties) Act.

STABILISATION

It is prohibited to consciously act in such a way that is aimed at improperly influencing the market price or other terms of trading in financial instruments or mislead buyers or sellers of such instruments in any other way. As stipulated by section 9 of the Financial Instruments Trading (Market Abuse Penalties) Act, exemptions have been made for certain forms of price influence, including for so-called stabilisation.

Stabilisation can be described as a support purchase in order to prevent a price drop in securities trading. This can be done in a determined period of time by a securities company or credit institution in connection with a significant sale of securities, such as when a company is admitted to trading on a regulated market or in major new share issues. In such cases, there may be a risk of temporary selling pressure putting downward pressure on the share price to a level lower than what should apply in a more normal supply or demand relationship.

Stabilisation is not unusual on the Swedish market. Trade conducted in accordance with the regulations regarding stabilisation in Article 5(4) of MAR are not subject to the provisions set out in the Financial Instruments Trading (Market Abuse Penalties) Act regarding market abuse and market manipulation. This exemption also applies as of 3 July 2016 to stabilisation trade in securities on a MTF platform.

Before stabilisation may commence, information regarding the stabilisation shall be disclosed. The information shall include the following[16]:

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15 Commission Delegated Regulation (EU) 2016/1052: http://eur-lex.europa.eu/legal-content/SV/TXT/?qid=1467642150246&uri=CELEX:32016R1052

16 For more information about the conditions for disclosure, reporting, prices and additional stabilisation, see the link to the Delegated Regulation in footnote 12 above.

- that the stabilisation can be conducted and that it can be terminated at any time
- that stabilisation transactions have the purpose of supporting the market price of the securities in question
- the beginning and end of the period – of 30 calendar days at the most – during which the stabilisation may take place.

If stabilisation trade occurs in connection with a new share issue, information about this shall be provided in the prospectus.

Information about the stabilisation shall be disclosed at the latest one week after the end of the stabilisation period. The information shall include notification about whether the stabilisation was carried out or not, the date on which the stabilisation commenced and when it was last conducted, and the price interval in which the stabilisation took place for each of the dates on which stabilisation transactions were conducted.

Reporting to FI (competent authority)

Article 5(5) MAR stipulates that the details about all stabilisation transactions shall be notified to the competent authority of the trading venue at the latest at the end of the seventh daily market session following the date of execution of such transactions. For stabilisation transactions that are conducted on Swedish trading venues the reporting is to FI.

To simplify supervision, the information should aptly be compiled in such a way that the total amount and the highest and lowest number of stabilisation transactions and the highest and lowest price are specified by date. Finally, it is desirable for the introduction price or emission price to be specified in the notification.

Reporting is submitted to finansinspektionen@fi.se with the heading *Stabilisation trade according to MAR (596/2014)*.

CONSEQUENCES

Stabilisation and buyback programs that are not within the exemptions prescribed in Article 5(4) of MAR shall not in themselves be considered market abuse. If the activity that occurred outside of the exemption is market abuse or not is determined by the Financial Instruments Trading (Market Abuse Penalties) Act. Market abuse is a criminal offence and is criminally sanctioned by fines or incarceration for a maximum of four years depending on the seriousness of the breach.

Finansinspektionen
Box 7821, 103 97 Stockholm
Besöksadress Brunnsgatan 3
Telefon 08-787 80 00
Fax 08-24 13 35
finansinspektionen@fi.se

www.fi.se