

Decisions and Statements in 2003

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January 2003

1. Information on agreements concluded in connection with publication of a bid – reprimand

An offeror that was listed on the Copenhagen Stock Exchange submitted a bid to the shareholders of a listed company. It appeared from the published offer document that a number of the shareholders had concluded agreements with the offeror on disposal of all the A-shares and a specific number of B-shares, corresponding to 26.7 per cent of the share capital and 73.3 per cent of the votes in the company at a specified price. According to the offer document the agreements were subject to the same terms and conditions as the bid and the offeror was the only party allowed to waive these terms and conditions.

It appeared from the offer document that all agreements of significance for the bid that the offeror was aware of were described in the offer document and that the offeror did not hold shares in the company at the time of the submission of the bid.

Simultaneously with the publication of the offer document the offeror released an announcement pursuant to section 29 of the Danish Securities Trading Act in which the number of A and B shares acquired by the offeror was stated, just as the price was stated at which the shares had been acquired. The announcement did not reveal the basis on which the holdings of the offeror were calculated.

The offeror also published a company announcement from which it appeared that the offeror had acquired the said shares and offered to redeem the remaining shareholders.

The Copenhagen Stock Exchange found that the contents of the offer document and the company announcements gave rise to uncertainty in the market about the contents of the concluded agreements and about the offeror's holding of shares in the company at the time of the submission of the bid. Consequently, the Copenhagen Stock Exchange informed the offeror that he should as soon as possible publish a clarifying announcement of the contents of the agreements and disclose the offeror's actual holding of shares in the company.

At the Exchange's request, the offeror published an announcement from which it appeared that the share transfer agreements were binding on the shareholders covered by the agreements, irrespective of whether a competing offer would appear; a factor that was not stated in the offer document or in any of the previous company announcements. Moreover, it appeared that the offeror had a unilateral right to carry out the share transfer agreements.

As regards the remaining shareholders, it appeared from the offer document that all acceptances would automatically be cancelled, if a competing offer at a higher bid price was published in the period during which the offer was open, and if the offeror did not offer a price that was equal to or higher not later than four days prior to the expiry of the competing offer.

The Danish Securities Trading Act lays down three fundamental principles: the fairness, equality of treatment and transparency requirements. The aim of these fundamental principles is to ensure fair treatment of all market participants.

The general disclosure requirements result from section 27 (1) of the Danish Securities Trading Act and rule 16 (1) of the Disclosure requirements for issuers of shares listed on the Copenhagen Stock Exchange. The general requirements for the contents of offer documents appear from section 32 (1) of the Danish Securities Trading Act and section 1 (4) of the Executive Order on offers.

Based on these rules the listed companies are under an obligation to immediately publish information on material aspects concerning the company which may be assumed to have an effect on the pricing. Correspondingly, offer documents must contain information which must be considered necessary for the shareholders to form a well-founded estimate of the offer.

From rule 15 of the Disclosure requirements for issuers of shares listed on the Copenhagen Stock Exchange it follows that announcements published by listed companies must be factual, clear and succinct. They shall be so worded that they provide an immediate basis for the understanding of their contents and an evaluation of their importance.

The Copenhagen Stock Exchange expressed disapproval of the fact that the offer document did not contain information about the material condition that the share transfer agreements were binding on the shareholders that were covered by the agreements, irrespective of the existence of a competing offer. Moreover, the Copenhagen Stock Exchange reprimanded the offeror for having failed to provide information on this condition in the announcement that the offeror had published at the time of the publication of the bid.

In this connection the Exchange expressed disapproval of the fact that the offeror's section 29 announcement did not contain information on the basis on which the offeror held shares in the company. It thus follows from section 2 (2) of Executive Order no. 386 of 29 May 2000 laid down by the Danish Commerce and Companies Agency on calculation, notification and disclosure of major holdings in companies with shares listed on a stock exchange or traded in an authorised marketplace that section 29 announcements must contain information on the basis of the holding.

2. Internal rules regulating trading – trading window

A listed company had amended its internal rules regulating the management's trading in the company's shares and in this connection it forwarded a copy of the new rules to the Copenhagen Stock Exchange.

It appeared from the internal rules that the management had access to trading in the company's shares for a period of four weeks after the publication of preliminary announcements of annual reports, interim reports or other similar accounting announcements with information about the company's activities and results for a given period.

From rule 9 of the Disclosure requirements for issuers of shares listed on the Copenhagen Stock Exchange it follows that listed companies shall lay down internal rules regulating the management's trading in the company's shares and related financial contracts. The internal rules shall state a period within which the persons concerned are permitted to trade. The maximum length of this period – the so-called trading window – is six weeks after each published interim report or preliminary announcements of annual results. Each individual company should carefully consider the length of the trading window required, and the Exchange recommends that the trading window is fixed at maximum four weeks after each publication of an interim report or preliminary announcements of annual results.

In this connection please note that the general prohibition against trading based on inside information also applies to the persons concerned in periods within which it is otherwise permitted to trade.

From a previous wording of rule 9 it appeared that a trading window also could be opened after "other similar announcements regarding accounting records containing information about the company's activities and results for a given period". This wording was changed as the understanding of the term "other similar announcements regarding accounting records" gave rise to doubt among companies and advisers about what announcements opened trading windows.

The Copenhagen Stock Exchange informed the company that pursuant to rule 9 the trading window can solely be opened after publication of an interim report or preliminary announcement of annual results. Consequently, the Exchange called upon the company to change its internal rules so that it would appear that a trading window can only open after publication of an interim report or preliminary announcement of annual results.

February 2003

1. Lacking information about incentive scheme - supplementary company announcement

A listed company published a company announcement about the issuance of issuer warrants for the company's management and employees. From the company announcement it appeared that the issuer warrants carried the right to subscribe for a specified number of shares corresponding to 4.1 per cent of the company's present share capital.

However, it did not appear from the company announcement how the allotted issuer warrants were distributed among the supervisory board, executive board, management employees and other employees, respectively; nor did it appear what objectives formed the basis of the allotment. Furthermore, the specific requirements that were to be fulfilled in order for the issuer warrants to be exercised were not disclosed, and the company announcement did not include information about the market capitalisation of the issue of the issuer warrants, including a description of how the market capitalisation had been calculated and the material conditions thereof.

This information and other detailed information about the introduction of incentive schemes are of interest to the market as such information makes it possible to assess the structure and value of the incentive schemes. The Exchange has specified what information the market must receive about incentive schemes in Rule 19 of the disclosure requirements for issuers of shares on the Copenhagen Stock Exchange.

Thus, the Copenhagen Stock Exchange requested the company to publish a supplementary announcement as soon as possible. The company subsequently published a company announcement with the requested information about the share warrants.

2. Preliminary announcement of annual results – inadequate description of outlook

In a listed company's preliminary announcement of the annual results information on the company's outlook was limited to a statement that the budget for the current accounting year showed slightly smaller results than the previous year and thus a forecasted temporary reduction in the return on equity.

To provide the market with the most accurate information, which may be used to assess the company's shares, the management's expectations for the future must contain information about the expectations for the activity level and results. This requirement may be met by stating the size of the expected turnover and the expected results, by stating a range for turnover and results, by stating the expected percentage change in turnover and results compared with the latest or previous accounting year, by stating the expected profit margin, etc. This is provided by Rule 30 of the disclosure requirements for issuers of shares on the Copenhagen Stock Exchange.

The Copenhagen Stock Exchange found that the company's statement of its outlook was not sufficiently specific, consequently, the Exchange requested the company to immediately publish a supplementary announcement in which the management's expectations for the current accounting year should be specified.

The company subsequently published a company announcement which specified the company's expectations for the current accounting year.

3. Bid – erroneous company announcement about shareholding published before the close of the offer period

An offeror published a voluntary bid to the shareholders of a listed company. The offer ran for four weeks and was, among other things, based on the condition that the offeror would get acceptance by more than 90 per cent of the share capital and votes in the company.

Immediately before the offer period closed, the offeror published a company announcement from which it appeared that the offeror had not acquired 90 per cent or more of the share capital and votes in the company, consequently, the offeror extended the offer period by two weeks.

Halfway through the extended offer period, the offeror published a company announcement from which it appeared that the company had succeeded in winning the acceptance of 91 per cent of the share capital and 97 per cent of the votes in the company.

In a company announcement published immediately before the extended offer period closed, the offeror announced that the information about the offeror having gained more than 90 per cent of the share capital and votes in the company in the previous company announcement was incorrect as a selling shareholder's holding had been registered twice. Later that day, the offeror announced in a company announcement that the company had won the acceptance of and reached an agreement to acquire 85 per cent of the share capital and 95 per cent of the votes in the company, consequently, the offeror would extend the offer period by another two weeks.

In a report to the Exchange the offeror explained the background for the contents of the company announcement that the offeror had published halfway through the extended offer period.

The Exchange called the offeror's attention to the fact that an offeror must publish the result of a bid not later than two trading days after the close of the offer period. The number of acceptances gained shall appear from the result of the bid and it should be stated whether any conditions attached to the bid have been met. In order to give the offeror time to compute the exact number of acceptances and to see whether any conditions have been met, the result of the bid shall not be published until two trading days after the offer period has closed. Nevertheless, the offeror had chosen to publish the company announcement about the company winning the acceptance of and reaching an agreement to acquire more than 90 per cent of the share capital and the votes in the company before the offer period had closed.

The Exchange also informed the offeror that it is the offeror's responsibility that the information published in connection with bids is correct and that the company inspires confidence in such information. An offeror is – together with the advisers that the offeror has selected – expected to be able to ensure that published company announcements are free from errors.

Finally, the Exchange informed the offeror that the Exchange found it very regrettable that the offeror halfway through the extended offer period published a company announcement with erroneous information about the offeror's shareholding in the company. The Exchange's regret should be seen in the light of the fact that the information in question was given at a time when the information might be instrumental in pressuring the shareholders to accept the bid, thus reaching the relevant ownership interest.

March 2003

1. Other publication prior to publication via the Copenhagen Stock Exchange

A listed company published a company announcement from which it appeared that the company had landed a substantial order. The announcement disclosed who had placed the order and the value of the contract.

Approx. 40 minutes prior to the issue of the company announcement, an electronic news service had provided information on the signing of the contract in question.

The Copenhagen Stock Exchange contacted the company and the company informed the Exchange that the company placing the order had leaked information and thus allowed the electronic news service to release information about the order prior to publication of the company announcement via the Copenhagen Stock Exchange.

A listed company shall ensure that everybody has simultaneous access to any information about the company that may be assumed to affect the pricing of its securities, and shall ensure that such information does not come to the knowledge of a third party before it has been published. Price-sensitive information must be published via the Copenhagen Stock Exchange at least simultaneously with the publication of the same information to other parties. This is provided by Rules 4 and 11 of the disclosure requirements for issuers of shares listed on the Copenhagen Stock Exchange.

The Copenhagen Stock Exchange expressed disapproval of the company's failure to prevent an electronic news service from revealing information about the content of a company announcement before it was published.

April 2003

1. Request for extension of time-limit for publication of preliminary announcement of annual results – request granted

Listed companies must publish a preliminary announcement of annual results within three months of the close of the financial year, cf. Rule 26 of the disclosure requirements for issuers of shares listed on the Copenhagen Stock Exchange.

A listed company submitted a request to the Exchange to be exempted from the time-limit of three months so that the publication of the preliminary announcement of annual results for 2002 could be postponed until a week after the expiry of the 3-month time-limit. The grounds for the request were that on the day of the expiry of the 3-month time-limit a public authority expected to make a decision on a number of matters relating to the company in question. The company expected the decision to have significant influence on its capital position and thus also the company's future earnings. The decision was expected to involve a restatement of the accounting figures for 2000 and 2001 as well as have a significant influence on the accounts for 2002.

The Copenhagen Stock Exchange may in special cases grant an exemption from the time-limit referred to in Rule 26. This is provided by Rule 2 of Part V of the CSE Listing Rules.

The Exchange found that the company's request was based on special and specific reasons. Consequently, the Exchange granted the company an extension of the time-limit so that the company was allowed to publish the preliminary announcement of the annual results a week after the expiry of the time-limit.

The exemption was granted on the condition that the company was able to publish the preliminary announcement of its annual results within the 3-month time-limit in case the public authority did not make the expected decision. Also, the exemption was granted on the condition that the company would publish a company announcement from which it appeared that the preliminary announcement of the annual results would be postponed until a week after the expiry of the time-limit. The reason for the postponement should be stated in the announcement as well as a statement that the preliminary announcement of the annual results would be published before the expiry of the time-limit in case the public authority did not make the expected decision. The announcement should be issued at least one week before the day on which the company should have published a preliminary announcement of its annual results according to the financial calendar.

Three weeks before the expiry of the 3-month time-limit, the company published a company announcement from which it appeared that the publication of the preliminary announcement of its annual results was expected to be postponed. The expected decision was made and the company's preliminary announcement of the annual results was published a week after the expiry of the 3-month time-limit.

May 2003

1. The treatment of goodwill in annual reports submitted by banks

The Copenhagen Stock Exchange became aware that doubt had arisen as to how listed banks should approach the treatment of goodwill in their annual reports. The Exchange therefore found it necessary to express the following.

According to section 27 of the Disclosure requirements for issuers of shares listed on the Copenhagen Stock Exchange that annual reports and accounts presented by a Danish company, including banks etc. and insurance companies shall at any time live up to the highest standards for the category of companies to which the company in question belongs. The annual report and accounts shall reflect good accounting practice and shall be presented in compliance with generally accepted Danish accounting standards. At present, Accounting Standards No. 1, 3-4, and 6-20, published by the Danish Institute of State-Authorised Public Accountants, are considered a necessary part of generally accepted Danish accounting standards. Banks, etc., and insurance companies shall follow the Danish accounting standards to the extent that the Danish Commercial Banks and Savings Banks Act, the Danish Insurance Business Act or the Danish Financial Supervisory Authority's executive orders do not provide otherwise.

Accounting standard no. 18 issued by the Danish Institute of State-Authorised Public Accountants provides that goodwill arising out of a take over of a company shall be recognised as an asset in the balance sheet and shall be amortised in the income statement over its economic life. The rules issued by the Danish Financial Supervisory Authority warrant either to capitalise and amortise goodwill or to write goodwill off directly against capital and reserves.

The accounting standards issued by the Danish Institute of State-Authorised Public Accountants shall be followed by listed companies, and since accounting standard no. 18 specifies the use of a specific accounting principle, this principle shall be followed by listed banks, etc., and insurance companies.

2. Result poorer than previously published expectations – time of when the duty to disclose information duty sets in

From a preliminary announcement of the annual results of a listed company it appeared that the company's realised result after tax was significantly poorer than the company's previously published expectations. It appeared from the preliminary announcement that the change compared with the previously stated expectations had taken place based on a critical assessment of the current and future cyclical trends in the segments and the market on which the company operated. It also appeared that the company's customers exhibited a cautious behaviour that had been triggered by the economic uncertainty of the current situation.

The company's expectations to the result appeared from a downward adjustment, which was published two days prior to the close of the financial year.

Following a request from the Copenhagen Stock Exchange the company accounted for a number of circumstances related to the realised result compared with the company's previous announcements.

The Copenhagen Stock Exchange had to conceive the company's to mean that the company right until the supervisory board meeting at which the annual accounts were treated did not have any grounds to change its published announcement of the expectations to the result.

The Exchange pointed out to the company that it is decisive for the market and the market's confidence in listed companies that the companies comply with the disclosure requirements laid on them and are in a position to give precise and accurate information to the market. A listed company's duty to disclose information to the Exchange and hence the market sets in the minute

the company becomes aware of material circumstances that relate to the company and which may be assumed to influence the price formation of the company's issued securities. If significant changes to a company's expected development should occur in relation to the most recently published statement by the company, such changes shall be published immediately via the Exchange. This duty sets in even if it not possible to establish the expected result precisely at the time in question.

It is therefore assumed that listed companies have adequate reporting systems and internal control systems to ensure that the company is able to comply with the requirements that apply to listed companies.

The Copenhagen Stock Exchange took note of the company's information and the fact that a comprehensive economic reporting took place regularly in the company and that this reporting was based on the at all times current managerial decisions.

The Exchange found it regrettable that the company did not see itself able to make the decisions that turned out to have a significant influence on the result for the year until three months after the close of the financial year.

June 2003

1. Information in connection with introduction of extraordinary bonus schemes to the management of a company – reprimand

A listed company announced in its semi-annual report that the supervisory board had launched a new incentive scheme for the executive board.

At the request of the Copenhagen Stock Exchange the company stated that the contents of the bonus scheme had been approved at a supervisory board meeting a few months prior to the publication of the semi-annual report. The company did not find that the new bonus scheme was much different from a bonus scheme that was awarded to the executive board a few years before. The company also stated that the previous bonus scheme, the size of which was fixed in relation to specific activities in the company, was not deemed to be so extraordinary that the market should be given separate information. Consequently, the company had not informed the market about the most material elements of the previous bonus scheme awarded to the executive board.

The Exchange called the company's attention to the fact that if a company decides to award the supervisory board, executive board and executive staff extraordinary bonus schemes, etc., the Copenhagen Stock Exchange shall be notified immediately of the material elements of such schemes. This is provided by Rule 19(3) of the disclosure requirements for issuers of shares on the Copenhagen Stock Exchange. Such a decision must also be published as soon as the decision has actually been made.

The Exchange also pointed out that pursuant to Rule 15 of the disclosure requirements for issuers of shares on the Copenhagen Stock Exchange, company announcements must be factual, clear and succinct and must be so worded that they provide an immediate basis for the understanding of their contents and allow investors, etc. to evaluate their importance. Information about extraordinary bonus schemes awarded to the company's executive board must thus contain sufficient information to enable investors and other market participants to make an assessment of the criteria for the bonus scheme in question and thereby get an indication of the size of the bonus paid, if any.

According to the company's annual report for 2002 the value of the realised bonus to the company's executive board was some nine times as great as the remuneration that the executive board had received that year. Consequently, the Exchange found that the incentive scheme awarded to the executive board was extraordinary.

The Copenhagen Stock Exchange reprimanded the company for having failed to publish a company announcement describing the material elements of the extraordinary bonus scheme as soon as the new incentive scheme to the executive board had been approved by the supervisory board of the company.

At the same time, the Exchange criticised the company for failing to include a detailed description of the criteria for the bonus scheme in question in the company's specification of the incentive scheme.

July 2003

There were no decisions and statements in July 2003.

August 2003

There were no decisions and statements in August 2003.

September 2003

1. Request for postponement of time limit for publication of semi-annual report – request granted

Listed companies must publish their semi-annual reports not later than two months after the expiration of the six-month period, which follows from rule 25 of the Disclosure requirements for issuers of shares listed on the Copenhagen Stock Exchange.

A listed company requested the Copenhagen Stock Exchange to have the time limit for publication of its semi-annual report postponed to a week after the expiry of the time limit. The request was motivated by the fact that the company's foreign, parent company had postponed the publication of the interim statement to a week after the expiry of the time limit. As the shares of the parent company were listed on several foreign stock exchanges, and since the Danish, listed company and its affiliated companies constituted a significant share of the parent company's activities, it would be contrary to the stock exchange rules applicable to the parent company if the Danish company published its semi-annual report before the parent company.

According to rule 2 in part V of the listing rules on the Copenhagen Stock Exchange, the Exchange may grant exemption from the time limit laid down in rule 25 of the Disclosure requirements.

The Exchange found that the company's request was entirely special and concrete and warranted the time limit to be postponed. Against this background the Exchange granted the request thus permitting the company to publish its semi-annual report for the year in question a week later than the expiry of the time limit.

The Exchange made the exemption from the rule conditional upon the company publishing a company announcement from which it should appear that the publication of the semi-annual report was expected to be postponed to a week after the expiry of the time limit. The reason for the postponement should also be given in the announcement, which was to be published not later than a week before the day when the company should have published its semi-annual report according to its financial calendar.

More than a month before the day when the company should have published its semi-annual report according to its financial calendar, the company published a company announcement from which it appeared that the publication of the semi-annual report was expected to be postponed to a week after the expiry of the time limit. The company announcement stated the reason for the postponement.

2. Voluntary takeover bid - determination of the price offered

The Copenhagen Stock Exchange was contacted by an offeror who planned to submit a voluntary takeover bid directed at the shareholders in a listed company. The offeror intended the price offered to consist of both a cash payment and a variable payment. The size of the variable payment would depend on the outcome of a number of pending legal actions that could result in an increase of the share capital of the listed company. Since the legal actions had not been concluded and might be appealed, it was not possible to predict when it would be conclusively settled whether the share capital of the company would be increased and hence when a possible variable payment would be made.

In the offer document that was to be published in connection with the submission of the offer, the offeror would state the size of the cash payment and would state that the variable payment would amount to between DKK nil and a specified amount. The offer document would include information about the reason for the chosen payment structure and a description of the uncertainty related to the size of the variable part of the payment.

From the offer document it would also appear that settlement of the cash payment, which constituted the greater part of the offered payment, would take place not later than three trading days after the offeror would announce via the Exchange that the takeover bid would be implemented. Settlement of the variable payment would take place not later than three trading days after the legal actions had been conclusively finalised.

This specific case raised the question whether a voluntary takeover bid involving a small part of the offered payment being paid as a variable amount the size of which would not be known until – and which could therefore not be paid until – a point of time which could not be defined in advance but which would be after the expiry of the offer period stated in the offer document, was in agreement with the rules governing takeovers laid down in the Danish Securities Trading, etc, Act and the Executive Orders on Bids.

An offer document must contain information about the financial and other terms, including the time limit for acceptance of the offer and any other information which must be considered necessary for the shareholders to reach an informed decision on the offer. An offer document must therefore include information about the offered price and the offer period. From the rules governing bids it follows that the offer period must be at least four weeks and not more than 10 weeks. The Copenhagen Stock Exchange perceives this minimum and maximum to mean that the rules governing bids generally presume that the shareholders will receive settlement of their submitted acceptances in immediate continuation of the implementation of the takeover bid and that the takeover bid will then be concluded.

Offer documents that are published in connection with voluntary takeover bids must include information about the price at which the offeror will be acquiring the shares, cf. section 3 (3) of the Executive Order on Bids. With due regard to the provisions of section 4 regarding equal treatment, an offeror may in connection with voluntary takeover bids generally decide the price to be offered to the shareholders.

The principle of equal treatment laid down in section 4 of the Executive Order on Bids means that shareholders within the same share class must be treated equally. During the offer period, the offeror must therefore not enter into agreements regarding the purchase or sale of the shares that are covered by the takeover bid if such agreements involve more favourable terms than those given in the published takeover bid, cf. section 4 (2) of the Executive Order on Bids. If at the time of the submission of the offer the offeror knows that during the offer period the offeror will enter or try to enter into agreements with individual shareholders or others regarding the purchase or sale of shares in the listed company – with due regard to section 4 (2) – this must be stated in the offer document.

In the opinion of the Exchange, the payment which the shareholders in a listed company is offered in connection with a voluntary takeover bid must be so firm that the shareholders in question will be able to assess the value of the payment they are offered.

Following an overall assessment of the situation at hand, the Copenhagen Stock Exchange found that the submission of a takeover bid as described by the offeror complied with the provisions laid down in the Securities Trading Act and the Executive Order on Bids.

The Exchange attached importance to the fact that the cash – and thus known – part of the payment constituted the greater part of the payment that the shareholders would be offered, and that settlement of the cash payment would take place immediately after the expiry of the offer period.

The Exchange also attached importance to the fact that the variable payment was not determined based on subjective, estimated circumstances, but that the variable payment was determined based on objective criteria, as the offeror did not have any influence over the conditions that would determine the size of the variable payment and the time of a possible payment, since these matters were to be decided by independent authorities.

The Exchange also emphasised that a special uncertainty was attached to the valuation of the shares in the listed company as a result of a special act regarding the area in which the company operated. This special act gave rise to the legal actions, and the company had on several occasions informed the market of the special act's influence on the company's financial conditions and the resulting pending legal actions.

Furthermore, the Exchange emphasised that the offer document would contain detailed information about the variable payment including the reason hereof, the terms effecting payment, the minimum and maximum size hereof as well as the related uncertainty.

The Copenhagen Stock Exchange also informed the offeror that since the variable part of the payment was not known and could turn out to be worthless that – with reference to the principle of equal treatment laid down in section 4 (2) – the offeror could not in the offer period enter into agreements regarding the purchase or sale of shares at a price that was higher than the cash part of the offered price, without offering all the shareholders this higher price.

3. The relationship between unusual agreements and extraordinary bonus schemes with the management of a company

The Copenhagen Stock Exchange was requested to announce the time when a listed company should publish a bonus scheme which the company intended to conclude with its executive board. According to the disclosed information, the bonus scheme would only become effective if the company's majority shareholder decided to dispose of his majority holding, and if a sale would actually be effected.

In this connection the Exchange expressed that information about the management of a listed company is generally very important to the market's and the shareholders' assessment of the company. It is also in the interest of the market to know the conditions and incentives on which the management bases its decisions. This is the reason that the Exchange has laid down disclosure requirements related to the management and the conditions under which it operates.

The annual report of a listed company must therefore include a description of any unusual agreements concluded with the supervisory board and executive board, including any remuneration agreements. This follows from section rule 18 (2) of the Disclosure requirements for issuers of shares listed on the Copenhagen Stock Exchange. Examples covered by 18 (2) are agreements about particularly favourable severance arrangements as regards term of notice, extraordinary remuneration in connection with the company's acquisition and the like as well as pension schemes regarded as particularly favourable.

By contrast, any extraordinary bonus schemes, etc, for the supervisory board, executive board and management employees of a listed company must be published immediately. It thus follows from rule 19 of the Disclosure requirements for issuers of shares listed on the Copenhagen Stock Exchange that if a listed company decides to introduce extraordinary bonus schemes etc, for its su-

pervisory board, executive board or other management employees, the Copenhagen Stock Exchange must be notified immediately of the most material elements of the scheme.

The general rule is therefore that agreements falling under rule 18 (2) must be described and published in the company's annual report, and that agreements falling under rule 19 (3) must be published immediately. The Exchange is aware that borderline cases may exist between those types of agreements. This may imply that agreements that are firstly considered covered by rule 18 (2) may have to be published immediately upon completion due to comprised bonus elements.

The information under rules 18 (2) and 19 (3) must be so detailed as to give the investors and other market participants a basis for assessing the criteria for the pertinent agreement or bonus scheme and an identification of the size or magnitude of any future amount paid out.

In case of the unusual agreements the contents of which the company is under no obligation to report immediately upon conclusion, it is widely in the interest of the market to know the circumstances and incentives that may form the basis for the management's decisions in *special* situations, and the need for such information is stronger if the individual member of the management may achieve financial benefits depending on the decision he plays a part in making. Such matters are often price-sensitive, even though they may not in other contexts be considered material and have no other bearing on the company's financial situation.

A listed company being subject to a public takeover bid is a special situation, and in such a situation, the company is under an obligation to publish any agreements regarding circumstances and incentives that may influence the decisions by the management in connection with the takeover bid. In a takeover situation the company in question must thus inform the market of the criteria of the agreement in question and give an indication of the size or magnitude of any future amount paid out.

Consequently, the Copenhagen Stock Exchange interpreted the inquiry to mean that the agreement which the company in question contemplated to conclude with its executive board was covered by rule 18 (2) only. The agreement should therefore be described in the next annual report.

If prior to the publication of the annual report a takeover bid for the company in question was to be made, the company would have to publish the information about the concluded agreement in connection with the takeover bid.

In any case, the information about the unusual agreement should be so detailed as to give the investors and other market participants a basis for assessing the criteria for the pertinent agreement or bonus scheme and an identification of the size or magnitude of any future amount paid out.

4. The relationship between press releases and company announcements

A listed company published a press release from which it appeared that the company had been chosen as supplier by a foreign group of companies.

In the opinion of the Exchange, the wording of the press release could lead the market to believe that the information could influence the price of the company's shares. Such information must always be published through a company announcement via the Copenhagen Stock Exchange.

As a result the Exchange requested the company to ensure the immediate publication of the information in question via the Exchange, which happened immediately after the request had been received.

The Exchange expressed disapproval of the fact that the company had published a press release, which – according to its contents – could give the market the impression that the information was price-relevant without having published the information via the Copenhagen Stock Exchange before or at the same time.

The Exchange took note of the fact that the company would ensure that a similar situation would not occur in future.

5. Information given at a company's general meeting

A listed company published a company announcement about the outcome of its ordinary general meeting. From the company announcement it appeared that the company's chairman had informed the general meeting of "confidential negotiations in connection with the introductions of new activities in the company".

Listed companies must ensure that everyone can gain access to material information that may be assumed to have an influence on the pricing of the company's securities and must ensure that no unauthorised party can gain access to such information before publication. Such information must therefore not be disclosed in statements, interviews, at general meetings, etc, without the information being submitted to the Copenhagen Stock Exchange at the same time at the latest. This follows from rule 4 of the Disclosure requirements for issuers of shares listed on the Copenhagen Stock Exchange.

The Copenhagen Stock Exchange therefore requested the company to publish a company announcement immediately containing any price-relevant information that might have been disclosed at the company's general meeting.

On the same day the company published a company announcement from which it appeared that the contents of the company announcement about the outcome of the general meeting could be misunderstood. It also appeared that approx. five months before the general meeting, the company had published a company announcement in which it stated that the company was looking to expand into new activities. As a result of this company announcement the company had received a number of approaches, and the chairman of the company had explained at the general meeting that so far these approaches had not led to other than preliminary discussions and that actual negotiations had not been opened.

Consequently, the Copenhagen Stock Exchange interpreted the company's company announcement to mean that no information of a confidential nature had been disclosed as the company announcement about the outcome of the general meeting gave reason to believe.

The Exchange pointed out to the company that listed companies' company announcements must be factual, clear and succinct and must be worded so as to provide an immediate basis for the understanding of their contents and assessment of the significance of the given information. This follows from rule 15 of the Disclosure requirements for issuers of shares listed on the Copenhagen Stock Exchange A/S.

The Copenhagen Stock Exchange expressed disapproval of the fact that the company's company announcement about the outcome of the general meeting gave the impression that information of a confidential nature had been disclosed at the company's general meeting without it also being published via the Copenhagen Stock Exchange before or at the same time.

6. Information on a company's website

From the website of a listed company it appeared that the company would receive a large order.

Listed companies must immediately publish information of a material nature concerning the company and which may be assumed to have an influence on the pricing of its securities. Publication must be made when an actual decision has been made. If a decision has not yet been made but where there is a risk that information has come or will come to the knowledge of a third party, companies must, if publication cannot be made, contact the Copenhagen Stock Exchange immediately with a view to taking the required precautions to ensure that no third party can exploit such information. This follows from rules 16 and 11 of the Disclosure requirements for issuers of shares listed on the Copenhagen Stock Exchange. If there is a risk that price relevant information has or will come to the knowledge of a third party, publication hereof must generally be made.

Against this background the Exchange contacted the company, which then immediately after published a company announcement from which it appeared that a press release of a potential customer had mistakenly been put on the company's website, which could give rise to doubt as to whether the company had received an order. The company emphasised that it had not received a firm and unconditional order, and that the company would publish a company announcement if such an order was to be placed.

The Copenhagen Stock Exchange expressed disapproval towards the company for having information on its website that could give the market the impression that the company had signed an order which could be assumed to have an influence on the pricing of the company's shares.

October 2003

1. Merger with unlisted subsidiary with the subsidiary as the continuing listed company

A listed company considered merging with its unlisted subsidiary with the subsidiary as the continuing listed company so that in relation to company law the listed company would be dissolved in connection with the merger. The company asked the Copenhagen Stock Exchange whether such a reverse, vertical merger – with the subsidiary and not the parent company as the continuing company – would have any consequences for the company's listing, including whether it meant delisting of the listed company and new listing of the continuing company.

It was stated that the listed company was a holding company for the subsidiary, which was wholly owned. Moreover, the balance sheet of the listed company comprised the excess liquidity of the group. The group was run by the subsidiary and its subsidiaries and associates.

The reason why they wanted a reverse, vertical merger was that such a merger would be much easier to effect in the subsidiary and its subsidiaries. A significant part of the group activities involved a large number of approvals, licenses, rights, etc, which they needed not change if the subsidiary became the continuing company, whereas many changes would be required if the parent company was to be the continuing company. As the continuing company, the subsidiary would have to change its name to the name of the already listed company.

Moreover, it was stated that irrespective of whether the parent company or the subsidiary became the continuing company the merger would not change the overall financial position of the group. Also, the management, capital structure, etc of the company would remain unchanged.

According to the information provided by the company the merger would not change anything in relation to the company's shareholders, consequently, the Exchange did not find that the merger should have any consequences for the company's listing on the Copenhagen Stock Exchange.

The Copenhagen Stock Exchange asked the company to publish an announcement with information about the merger as well as publish the merger documents, which must be prepared pursuant to the provisions of the Danish Companies Act, via the Copenhagen Stock Exchange.

2. Information provided at the general meeting of a company – reprimand

A listed company published an announcement about the outcome of its ordinary general meeting.

According to the announcement the company had at the general meeting announced that in the first quarter of the current financial year the company had realised an unaudited loss which meant that as at the day in question the company had lost more than half of its share capital. In the light of this the management had made a downward adjustment of its expectations for the profit for the year. At the general meeting it was also announced that the management expected to have secured a capital injection of a specified amount by the close of the financial year, and that the management had guaranteed that at the close of the financial year the equity would be at least at the same level as at the beginning of the financial year.

The Copenhagen Stock Exchange asked the company to explain why the management of the company had apparently disclosed not yet published price-sensitive information at the general meeting.

The company stated that the supervisory board of the company had held a meeting immediately prior to the general meeting. At this meeting it was decided to adjust the expectations for the year's profit downwards. At the meeting the supervisory board had also decided to secure a capital injection of a specified amount by the close of the financial year, and the management had made sure that at the close of the financial year the equity would be at least at the same level as at the beginning of the financial year.

Moreover, the company stated that the management had briefed the attendants about the situation at the general meeting, which began at 16:00 – immediately after the board meeting. Due to an error on the company's part the information was not published in an announcement until 18:29 – immediately after the general meeting.

The Copenhagen Stock Exchange drew the company's attention to the requirement that a listed company shall immediately publish information about essential aspects concerning the company that may be assumed to affect the pricing of its securities. This is provided by rule 16 of the disclosure requirements for issuers of shares on the Copenhagen Stock Exchange and section 27 of the Danish Securities Trading Act.

All matters subject to the disclosure requirements shall immediately be communicated to the Copenhagen Stock Exchange, and publication via the Copenhagen Stock Exchange shall always take place not later than simultaneously with other publication. Matters subject to the disclosure requirements shall be communicated to the Copenhagen Stock Exchange as soon as an actual decision has been made. This is provided by rule 11 of the disclosure requirements for issuers of shares on the Copenhagen Stock Exchange.

If a company knows beforehand that information of significance to the pricing of its securities, such as information about changes in the outlook for a financial year or information about the company's financial position during the past months of a current financial year, is going to be presented at the annual general meeting, an announcement containing this information shall be published through the Copenhagen Stock Exchange not later than the opening of the general meeting. This is provided by rule 34 of the disclosure requirements for issuers of shares on the Copenhagen Stock Exchange.

The Exchange found that the information that the company had disclosed at the general meeting was market-moving, consequently, it should have been published via the Copenhagen Stock Exchange immediately after the board meeting and before the management briefed the general meeting.

The Copenhagen Stock Exchange reprimanded the supervisory board and the executive board of the company for having failed to publish the information immediately after the board meeting and before the management briefed the general meeting.

The Copenhagen Stock Exchange noted, however, that it appeared from the company's letter to the Exchange that the company would take measures to prevent that this mistake was repeated.

November 2003

1. Delisting from the Copenhagen Stock Exchange – request denied

The supervisory board of a listed company requested the Copenhagen Stock Exchange to have its shares delisted from the Copenhagen Stock Exchange. The intention was that the shares were to be admitted to trading on an authorised marketplace if they were delisted from the Copenhagen Stock Exchange.

The company had three major shareholders who combined owned just under 90 per cent of the votes and approx. 2,300 registered shareholders.

The company had held an extraordinary general meeting where one of the agenda items was a proposal that the general meeting should authorise the supervisory board to request the Copenhagen Stock Exchange to delist the company's shares from the Exchange if deemed appropriate by the supervisory board. 68.49 per cent of the total share capital was represented at the extraordinary general meeting at which the proposal to delist the shares was put to the vote. 129 shareholders representing 286,281 votes corresponding to 98.87 per cent of the votes cast voted for the proposal. 30 shareholders representing a total of 3,219 votes corresponding to 1.11 per cent of the votes cast voted against the proposal. One shareholder returned a blank voting, whereas two shareholders representing 14,272 votes abstained.

The company had subsequently held an ordinary general meeting at which the chairman in his review announced that the company would use its authorisation to request that the company's shares be delisted from the Copenhagen Stock Exchange.

The Copenhagen Stock Exchange considered the request for delisting in accordance with section 25 (3) of the Danish Securities Trading Act and the Exchange's practice in the area of delisting.

Since

- the company at the time when the request for delisting was submitted had approx. 2,300 registered shareholders,
- the company did not have one shareholder who held more than 90 per cent of the share capital and votes in the company, and consequently that the remaining shareholders were not in a position to demand compulsory redemption according to the provisions of the Danish Companies Act, and
- 30 of the attending shareholders representing a total of 3,219 votes, corresponding to 1.11 per cent of the votes cast voted against the proposal to delist the company's shares from the Copenhagen Stock Exchange at the company's extraordinary general meeting where 46.97 per cent of the capital of B shares was represented

the Copenhagen Stock Exchange informed the company that a delisting of the company's shares from the Copenhagen Stock Exchange in this specific case could be granted provided that the company via a takeover bid pursuant to the Danish Securities Act ensured that the shareholders could dispose of their shares prior to delisting.

In its decision the Exchange placed emphasis on the limited number of objections at the extraordinary general meeting and the limited trading activity in the company's shares.

The Copenhagen Stock Exchange thus gave the company the opportunity to be delisted from the Exchange provided that the company would submit a takeover bid to the company's shareholders giving them the opportunity to dispose of their shares prior to delisting.

2. Delisting from the Copenhagen Stock Exchange – The Exchange's practise

The Copenhagen Stock Exchange has found reason to describe its practice within the area of delisting securities from the Copenhagen Stock Exchange. The provisions hereon are contained in section 25 of the Danish Securities Trading Act and section 30 of the Executive Order on the Conditions for the Admission of Securities to Stock Exchange Listing.

A stock exchange may decide that a security shall be delisted from the stock exchange in question if it finds that the listing is no longer in the interests of the investors, the borrowers or the securities market. This follows from section 25 (1) of the Danish securities Trading Act and section 30 (1) of the Executive Order on the Conditions for the Admission of Securities to Stock Exchange Listing.

If an issuer loses the right to manage his estate, such issuer's securities shall be delisted. This follows from section 25 (2) of the Danish securities Trading Act and section 30 (2) of the Executive Order on the Conditions for the Admission of Securities to Stock Exchange Listing.

If an issuer whose securities are listed on a stock exchange submits a request for delisting, such request shall be complied with unless the stock exchange finds that such delisting is not in the interests of the investors, the borrowers or the securities market. This follows from section 25 (3) of the Danish securities Trading Act and section 30 (3) of the Executive Order on the Conditions for the Admission of Securities to Stock Exchange Listing.

An issuer shall be entitled to have a security delisted from a stock exchange if the security in this connection is being listed or is admitted for listing on another stock exchange. This follows from section 25 (4) of the Danish Securities Trading Act and section 30 (4) of the Executive Order on the Conditions for the Admission of Securities to Stock Exchange Listing.

Where a public limited company reduces its share capital, decides on division or acquisition of another public limited company through a merger, the stock exchange shall decide whether the company's shares may continue to be listed. This follows from section 30 (5) of the Executive Order on the Conditions for the Admission of Securities to Stock Exchange Listing.

Where otherwise any significant changes are made in a public limited company, including significant changes in ownership, the capital base, the company's activities or the company's management, name, etc. so that based on an overall evaluation the stock exchange considers that the company is in fact a new company, the stock exchange shall decide whether the shares of the company may continue to be listed. This follows from section 30 (6) of the Executive Order on the Conditions for the Admission of Securities to Stock Exchange Listing.

In practice, the question of delisting securities from the Copenhagen Stock Exchange falls into five categories, namely if

- a company goes into liquidation
- the company submits a request to be delisted because the ownership concentration in the company has or will reach 100 per cent
- the company submits a request to be delisted because it ceases to exist e.g. as a result of a merger or liquidation
- the company otherwise submits a request to be delisted
- the company submits a request to be delisted because the shares are to be or have been admitted to listing on another stock exchange.

If a listed company submits a request for delisting, such request shall be complied with, cf. section 25 (3) of the Danish securities Trading Act, unless the stock exchange finds that such delisting is not in the interests of the investors, the borrowers or the securities market. The decision regarding delisting is therefore made by the Copenhagen Stock Exchange.

Pursuant to section 25(4) of the Danish Securities Trading Act a listed company shall be entitled to have a security delisted from a stock exchange if the security in this connection is being listed or is admitted for listing on another stock exchange. Thus, delisting is possible only where it is combined with listing on another stock exchange and not on other kinds of regulated markets. A request for delisting from the Copenhagen Stock Exchange combined with simultaneous admission to trading on an authorised marketplace will, consequently, be considered according to section 25(3) of the Danish Securities Trading Act. The fact that the securities in question will subsequently be admitted to trading on an authorised marketplace will have no bearing on the Exchange's decision about whether to approve the request for delisting from the Copenhagen Stock Exchange.

In connection with a request for delisting under section 25(3) the Exchange shall on the basis of an assessment of the company's state of affairs and the specific situation consider whether a delisting would be detrimental to the interests of investors or the securities market.

When considering whether delisting would be detrimental to the interests of the investors, the Exchange will, among other things, determine whether the protection of minorities has been disregarded, or whether a delisting would give certain shareholders or others an undue advantage over other shareholders or the company.

When considering whether delisting would be detrimental to the interests of the securities market, the Exchange will, among other things, check how many outstanding shares and shareholders there are in the company in question.

Where the Copenhagen Stock Exchange receives a request for delisting in a case where the minority shareholders have been or will be fully redeemed prior to the delisting in compliance with the provisions of the Danish Securities Trading Act possibly combined with a compulsory redemption under the rules of the Danish Companies Act, or where the company is discontinued, the interests of the investors or the securities market cannot be said to be disregarded. Where a 100 per cent ownership concentration is ensured in a listed company as a result of compulsory redemption, merger or liquidation, the Exchange will delist the company without any further ceremony.

If ownership concentration is not ensured 100 per cent, or if the company is not discontinued, the Exchange will normally require that the company seeking delisting should have a significant ownership concentration. The Exchange will, among other things, consider whether the company's shareholders are in a situation where they may demand to be redeemed under the rules of the Danish Companies Act, but also other factors, e.g. the volume of outstanding shares, the number of shareholders and the market value of the outstanding shares.

In order to be able to make an assessment of whether a delisting may be detrimental to the interests of the investors or the securities market, the Exchange will ask the company to raise the question of delisting as a separate item at a general meeting. Based on a copy of the minutes of the general meeting, the Exchange will assess any comments and objections. A resolution to remove the company from listing on the Copenhagen Stock Exchange cannot in itself justify a delisting.

Other factors may in the circumstances be included in the Exchange's consideration.

In the situations where the Exchange does not find that the interests of the investors or the securities market can justify a delisting, the Exchange will require the company to ensure that the company's shareholders may dispose of their shares until the company is delisted from the Copenhagen Stock Exchange via an offer to buy the remaining shares. Thus the minority shareholders will have a chance to dispose of their shares knowing that the company is subsequently going to be delisted from the Copenhagen Stock Exchange.

The Exchange's practice for delisting under section 25(3) of the Danish Securities Trading Act thus reflects the consideration for the interests of the investors and the securities market.

3. Unusual agreements for the management – failure to include information in the annual report - reprimand

It appeared from the announcement of a listed company that the CEO had a premature retirement compensation scheme which meant that if the supervisory board terminated or cancelled his contract without the CEO having failed to perform his contractual obligations, the CEO could demand an amount corresponding to 36 months' remuneration, including bonus for divestment of companies.

Pursuant to rule 18(2) of the disclosure requirements for issuers of shares on the Copenhagen Stock Exchange the annual report shall contain a description of the company's unusual agreements, if any, for the board of directors and the board of management, including a description of any agreements about remuneration, etc.

For instance, rule 18(2) comprises agreements about particularly favourable severance arrangements as regards term of notice, extraordinary remuneration in connection with the company's acquisition and the like as well as pension schemes regarded as particularly favourable.

Information provided pursuant to rule 18(2) shall be so detailed that investors and other market participants may make an assessment of the criteria of the agreement or bonus scheme and get an indication of the size of any future payment.

The premature retirement compensation scheme was not described in the company's annual report for 2002.

Following a request from the Copenhagen Stock Exchange the company announced that the CEO's premature retirement compensation scheme had for some years now contained a compensation amounting to 36 months' remuneration, including bonus for divestment of companies.

The Copenhagen Stock Exchange found that the CEO's premature retirement compensation scheme was to be considered as unusual. Consequently, a description of the scheme should have been included in the annual report for 2002 pursuant to rule 18(2) of the disclosure requirements for issuers of shares on the Copenhagen Stock Exchange. The Exchange reprimanded the company for having violated the disclosure requirements.

The Copenhagen Stock Exchange recorded the company's announcement that a description of the premature retirement compensation scheme would be included in the annual report for 2003.

December 2003

1. Publication via news intermediary prior to publication via the Copenhagen Stock Exchange

From the website of a news intermediary it appeared that a listed company might be headed for a downward adjustment in the region of DKK 400 million. The article contained detailed information about the expected readjustment.

Later on the same day the company published its Q3 interim report, which, among other things, included a downward adjustment of the company's expectations to the operating profit of DKK 400 million.

In the event of significant changes in the outlook in relation to the information published, such changes shall be communicated immediately to the Copenhagen Stock Exchange. This obligation, which follows from section 31 of the Disclosure requirements for issuers of shares listed on the Copenhagen Stock Exchange A/S, is imposed on the company even though it is not possible to calculate the expected results precisely at the time in question. Consequently, it is assumed that a listed company has the reporting and internal control systems necessary to ensure that the company is in a position to comply with the obligations that apply to listed companies.

The Copenhagen Stock Exchange requested the company to disclose precisely when the management had become aware that the company would not be able to live up to the published 2003 outlook. The company replied that it had not become obvious to the management until the supervisory board meeting at which the Q3 interim report had been transacted that the company would not be able to live up to the most recently published expectations to the 2003 results. The Exchange took note of noted.

Listed companies shall ensure that all market participants have simultaneous access to any material information about the company in question that may be assumed to affect the pricing of its securities, and the company is also required to make sure that no unauthorised party gains access to such information before it is published. Price relevant information shall be published through the Copenhagen Stock Exchange not later than simultaneously with the publication of the same information to other parties. This follows from sections 4 and 11 of the Disclosure requirements for issuers of shares listed on the Copenhagen Stock Exchange A/S.

The Exchange requested the company to account for how detailed information about the company's readjustment could be found on the website of a news intermediary prior to the publication of the company's Q3 interim report for 2003, which contained information about the readjustment. The company replied that it had conducted an examination to find out how detailed information

about the company's downward adjustment of DKK 400 million could appear on the website of a news intermediary prior to the publication of the company's Q3 interim report for 2003. This examination did not shed light on the situation; consequently the company could not explain how the information had come to the knowledge of the news intermediary in question.

The Copenhagen Stock Exchange reprimanded the company for having failed to prevent that detailed information about the company's downward adjustment of DKK 400 million could be found on the website of a news intermediary prior to the publication of the company's Q3 interim report for 2003, which included the said readjustment.

The Exchange took note of the fact that the company informed that it had subsequently changed its procedures so that in future much fewer persons would gain knowledge of confidential information and that it had been clarified how confidential information was to be treated.

2. Publication via a press release prior to the publication via the Copenhagen Stock Exchange

A listed company published a press release with the heading "international million order".

From the press release it appeared that the company had obtained the order "as a breakthrough within international retailing", and that the value of the order was for an amount running into double-digit millions. It also appeared that the contract had just been signed.

After the publication of the press release the price of the company's shares increased by approx. 14 per cent.

The Copenhagen Stock Exchange contacted the company, and it was agreed that the company should immediately publish information about the obtained million order via the Copenhagen Stock Exchange. The purpose was to make the information which had triggered the price increase in the company's shares available to the market as soon as possible.

Later on the same day the company published the contents of the press release accompanied by a few comments, including that the million order had been included in the company's most recently announced expectations and that the order had been mentioned earlier.

The Copenhagen Stock Exchange established that the company had not published the information about the million order via the Copenhagen Stock Exchange prior to the publication of the company's company announcement. Information about the million order had thus not been published via the Copenhagen Stock Exchange at an earlier point in time as the company's company announcement gave reason to believe.

Listed companies shall immediately publish information about essential aspects concerning the company that may be assumed to affect the pricing of its securities. Publication of information via the Copenhagen Stock Exchange shall take place not later than simultaneously with the publication of the same information to other parties. This follows from sections 11 and 16 of the Disclosure requirements for issuers of shares listed on the Copenhagen Stock Exchange A/S and section 27 of the Danish Securities Trading Act.

The Copenhagen Stock Exchange informed the company that the company's press release according to its contents and wording was suited to influence the price of the companies' shares in the opinion of the Exchange. This was underpinned by the fact that the price of the company's shares increased following the publication of the press release.

If the case was such that the company had assessed that the million order did not fall under the company's obligation to inform the market, the Exchange found that it was misleading that the company chose to publish a press release that according to its contents and wording influenced the price of the company's shares.

The Copenhagen Stock Exchange reprimanded the company for having published a press release, which according to its contents and wording was suited to influence the price of the company's shares without also having published the information not later than simultaneously via the Copenhagen Stock Exchange.

3. The companies transition to international accounting standards

The EU's regulations about the use of IAS/IFRS implies that all listed companies shall present consolidated accounts in compliance with IAS/IFRS from the beginning of 2005. For many companies the transition to international accounting standards will be heavy.

The transition to uniform accounting standards within the EU has the purpose of enhancing the comparability of accounts across borders and increasing the transparency of financial information from European listed companies. The Copenhagen Stock Exchange backs these intentions, and since 2001 the Exchange has therefore recommended listed companies to contemplate using international accounting standards. A number of listed companies have already made the switch to international accounting standards, and more are expected to follow before it becomes an actual requirement.

A transition to international accounting standards before 2005 will imply that the companies concerned will have to fully follow three sets of accounting standards, viz. the Danish Financial Statements Act, the Danish accounting standards and the international accounting standards. The reason for this is that the rules of the Exchange provide that the accounts of listed companies shall be presented according to the Danish accounting standards issued by the Institute of State Authorized Public Accountants in Denmark. Banks etc, and insurance companies shall follow the Danish accounting standards to the extent that the Danish Commercial Banks and Savings Banks Act, the Danish Insurance Business Act and the Danish Financial Supervisory Authority do not stipulate another practice.

The process of an early transition to international accounting standards may lead to small challenges that may imply that in individual cases it will not be possible to present accounts that comply with all three sets of accounting standards.

Since it is in the interest of the Copenhagen Stock Exchange that listed companies can and will present accounts according to IAS/IFRS before 2005, the Exchange has generally expressed that until the new international accounting standards become a requirement the Exchange will allow that listed companies fully follow IAS/IFRS when presenting their accounts.

A company may therefore request permission from the Copenhagen Stock Exchange not to present accounts according to the Danish accounting standards but to follow the Danish Financial Statements Act and the international accounting standards alone. Such request must contain an account of why it is important to the concerned company not to comply with the Danish accounting standards. Generally, the Exchange will make its permission conditional upon the fact that the level of information in the annual report does not become lower than if the annual report had been presented according to the Danish accounting standards.

It will also be decisive that the company will publish the accounting effects that will take place if presenting the accounts based on IAS/IFRS alone – both historically and forward looking.

When considering a request for an early transition to international accounting standards, the Exchange will base its decision on the condition that the company's interim reports will also be presented according to IAS/IFRS, so that the company's information level is consistent throughout the year.

It is generally assessed that an annual report presented according to IAS/IFRS will not conflict with the Danish accounting standards. Consequently, it is not likely that there will be any practical consequences if the annual report was to be presented according to IAS/IFRS and the Danish Financial Statements Act alone.