

Surveillance and Enforcement

March 2007

Stockholm Stock Exchange

During March, the Stockholm Stock Exchange (SSE) has criticized one company since the company announced that an investigation by the Swedish Medical Products Agency regarding the safety of the company's products had been closed when in fact the investigation was still ongoing.

One company was criticized for a breach against the rules concerning benefits for senior executives.

The SSE has issued criticism towards one exchange member, in connection with a breach of the exchange rules. The matters concerned a situation where the member, by use of so called algorithmic trading, sent orders for execution that had a strong and sudden market impact. The algorithm that governed the order placing turned out to act based upon other trading activities in the market and it did not have any outer limits to the prices at which trading could take place.

Two foreign investment companies were criticized for not having disclosed acquisitions of shares in accordance with the Swedish Industry and Commerce Stock Exchange Committee (NBK) rules concerning disclosure of acquisitions and transfers of shares.

During the month, four cases of suspected market abuse have been handed over to the Swedish Financial Supervisory Authority. Three of these cases have concerned suspected illegal insider trading in different types of situations and the fourth case concerned suspected market manipulation.

Tradedoubler AB, that had been traded on the observation segment because AOLS Holdings AB had published a public offer to the shareholders in Tradedoubler AB, was transferred back to its ordinary position when the offer from AOLS Holdings AB was withdrawn.

Helsinki Stock Exchange

One company (Listed Company) disclosed an offer for the acquisition of a non-listed company (Target Company). While the offer was still considered by the Target Company the offer was enhanced by an additional offer by another non-listed company related to the Listed Company. The Listed Company did not disclose the additional offer immediately at the time it became aware of the enhanced offer. Information about the additional offer was disclosed after several days when both of these offers were accepted by the Target Company. The Disciplinary Committee evaluated that the additional offer in itself added value to the original offer even though it was not offered by the Listed Company itself, and thus it had material effect. The Disciplinary Committee stated that this information which changed the previously disclosed information should have been disclosed according to the Exchange Rules. The Disciplinary Committee decided however that there was no need to sanction the listed company. The decision not to sanction the Listed Company was based on that, due to the circumstances in the case, the breach was considered both minor and unintentional.

One company was given a reprimand by the secretary of the Disciplinary Committee, since the company first only filed the financial statement release with the OAM (Official Appointed Mechanism) at Helsinki Stock Exchange (HSE). This action meant that the release was only

available on the web site of the HSE and it was not until the next day that the release was disclosed to mass media in accordance with the disclosure rules.

One company was criticized for not having published its financial statement release in accordance with the rules. The company disclosed the financial statement to mass media before it was filed with the Helsinki Stock Exchange.

The HSE has issued criticism towards an exchange member on one occasion. A market maker was criticised because it neglected to provide market making to a covered warrant during the last minutes of the continuous trading.

During the month, one case of possible price manipulation was handed over to the Finnish Financial Supervision Authority.

Puuharyhmä Oyj was transferred to the observation segment, because Aspro Ocio, S.A. and the main shareholders of Puuharyhmä Oyj, holding in total 68.37 per cent of the outstanding shares and votes of the company, had executed a share transfer whereby Aspro had acquired all the shares held by these main shareholders. As a result of the transaction Aspro made a mandatory offer for the remaining shares of Puuharyhmä.

Birka Line Abp was transferred to the observation segment, since Rederiaktiebolaget Eckerö had announced its intention to raise a public offer for the all shares of Birka Line Abp.

Copenhagen Stock Exchange

BioPorto was transferred to the observation segment due to the fact that the group has a negative equity. The company has stated in the annual report that the management intends to carry out a direct placement for DKK 20 million by the end of April 2007 to ensure the necessary liquidity for the remainder of the year.

Gudme Raaschou Vision was transferred to the observation segment due to the fact that Gudme Raaschou Bank A/S had made a mandatory public offer to the shareholders in Gudme Raaschou Vision A/S. The company was later in the month removed when Gudme Raaschou Bank A/S published the results of the offer.

Icelandic Stock Exchange

The Icelandic Stock Exchange (ICEX) has criticized one company that did not publish an announcement without delay when it was discovered that the company had to remake the annual account for the year 2005. ICEX also pointed out to the company that, contrary to its actions, it could not make a confidential agreement about the remake with a third party or negotiate about how the information should be presented in an announcement to the market.

One company and a member who acted as a co-ordinator when the company's securities were listed were criticized because of a discrepancy between the prospectus and the company's annual account. ICEX also informed the Icelandic Financial Supervision Authority (FSA) about the case.

One issuer was criticized due to a long and poor process of changing the debtor of the issuer's bonds and due to the fact that the issuer did not publish the annual accounts immediately following the board of the directors' approval of the annual account, as required of an issuer of listed securities.

One company was criticized for not publishing an announcement of its annual accounts until the day after the board's approval of the accounts and for repeated corrections of the announcement.

ICEX reprimanded a company for a substantial delay in publishing an announcement regarding its annual account following the board of directors' approval of the account.

One company was criticized since an announcement from the company about a certain transaction did not contain sufficient information on some aspects of the transaction, such as financing and the effect on the issuer.

ICEX handed one case of suspected violation of best execution rules and one case of suspected insider trading to the FSA.

Tallinn Stock Exchange

Tallinn Stock Exchange issued criticism to one company regarding a breach of the disclosure rules. Information concerning a permission granted by the Estonian Competition Board for acquisition of a holding in a company was released to media before appropriate company announcement was published.

Riga Stock Exchange

The Riga Stock Exchange (RSE) has on six occasions assigned surveillance status to companies, and also issued warnings to four of these companies for their failure to disclose 12-month financial reports within the deadlines set by the RSE. The surveillance status was removed after the companies had submitted the financial reports. The RSE has reported the above mentioned breaches of the rules to the Financial and Capital Market Commission.

Due to reiterative breaches of the disclosure rules, RSE Management Board has forwarded two of the cases to the RSE Surveillance committee for further examination. The Committee will decide upon a fine to be charged the companies mentioned above.

Vilnius Stock Exchange

The Vilnius Stock Exchange (VSE) has issued criticism to one company since the company had failed to submit full financial accounts for the year 2006. The company had, in accordance with the requirements of the Law on Companies and VSE trading rules, submitted balance sheet and income statement 10 days prior to the ordinary general meeting of shareholders. This information was however not to be seen as a full financial statement since an auditor's report, statement of changes in equity, cash flow statement and notes to the accounts were missing.

The VSE has issued criticism towards exchange members on seven occasions. One issue concerned a case, where the same buyer and seller client code was specified in the order. Two issues concerned cases, where exchange members did not specify client codes (ID's) in the orders. One issue (possible market manipulation) concerned a case, where the client of an exchange member was placing orders and executed transactions, which were likely to give misleading signals as to the price of the financial instruments. Finally, three issues concerned cases, where Manual Trades were concluded for less than established minimum volume of the shares. On request by the Market Surveillance Department the members deleted the trades.

The Lithuanian Securities Commission (LSC) was informed about these cases.

The VSE imposed minor fines on five members that had violated the Trading rules and failed to ensure a sufficient amount of securities and (or) cash for settlement of transactions concluded on the VSE.

First North

6 Certified Advisers (CA) received criticism during the month for not having controlled that the companies for which they acted as CA for were following all the First North rules regarding information on the company's web site.

Trading halts were implemented in FlyMe Europe AB when its subsidiary FlyMe Sweden AB filed for bankruptcy, in Opus Prodox AB in connection with the publication of a major transaction and in InWarehouse AB in connection with a public offer.