Revised recommendations for corporate governance and update of Rules for issuers of shares

In April 2010 the Committee for corporate governance published revised recommendations for corporate governance. The board of directors of NASDAQ OMX Copenhagen A/S (the exchange) decided to implement these recommendations in the Rules for issuers of shares.

At the same occasion the exchange has chosen to update the Rules for issuers of shares at NASDAQ OMX Copenhagen with various minor precisions and corrections.

The corrections are described below.

The updated version of the Rules for issuers of shares can be found at:

http://www.nasdaqomx.com/listingcenter/nordicmarket/rulesandregulations/copenhagen/?languageId=1

The revised recommendations for corporate governance of April 2010 can be found at:

www.corporategovernance.dk

Revised recommendations and use of the “comply-or-explain” principle

According to section 4.3 in Rules for issuers of shares, Danish companies admitted to trading on NASDAQ OMX Copenhagen have to provide a statement explain the company’s attitude towards corporate governance. The changes in the rules from the Committee of corporate governance from April 2010 imply that these should be used in the statements from the companies.

The new recommendations from April 2010 should be applied in the financial year that starts January 1 2010 or later. The statements in relation to the new recommendations will therefore be published in connection with the publications of the annual reports spring 2011.

Before this date the companies can use the recommendations there have been valid up to now and where changed by the Committee December 10 2008. Therefore, companies with a not normal financial year have the possibility to use the new recommendations, even if it concerns an annual report from a financial year that starts earlier than January 1 2010.

In the statement for corporate governance the companies must make use of the “comply-or-explain” principle, which can be found in section 4.3 Rules for issuers of shares.

The “comply- or- explain” principle implies that the companies either comply with the recommendations for good corporate governance or explain to what extend and why the company does not comply with the recommendations.
The company’s must state their attitude towards each recommendation. This implies that the company’s states which recommendations they do not comply with, the reason why and when relevant state what the company has done otherwise. The company can either make a statement or use a scheme in order to show its compliance with the “comply-or-explain” principle. It is decisive that the company makes one united statement that addresses the company’s attitude towards each recommendation.

The compliance with the recommendations should not be the point of departure for each individual company, as the recommendations are now a part of the rules. The essential part of the recommendations is to provide transparency in the governance structure of the company. In the “comply- or- explain” principle it is the individual company’s responsibility to assess to what extend the company complies with the recommendations.

Today there is in general more focus on the quality of the company’s feedback on the recommendations for corporate governance and especially on the reasons given for why the company chose not to comply with the recommendations. Therefore, the exchange finds it important that the companies give useful and understandable explanations for their reasons to depart from the recommendations.

The companies can chose to publish the statement for good corporate governance on its webpage instead of in its annual report. If the statement is published on the webpage the company should state this in the governance statement in the annual report.

The rule in section 4.3 implies that the companies must states their attitude towards recommendations given by the Committee. In accordance with the Danish Accounting Act the companies must state their attitude towards corporate governance with point of departure in the recommendations of the Committee and with the use of the “comply-or-explain” principle as a part of the company’s webpage or in the annual report. Further information about rules for publication can be found in the Danish Accounting Act and among other in the rules for financial reports for credit institutions of exchange companies.

In accordance with the legislation the statement for corporate governance must be one united yearly statement. This implies that the company is not able to change the statement during the financial year. It further implies that the statement about the company’s attitude towards corporate governance cannot be divided and placed in various parts of the annual report.

The exchange is planning a seminar concerning corporate governance in the fall of 2010, when the first initiatives to plan the content for the annual reports are starting. Please reserve Wednesday October 6, 2010 at 1.00 pm to attend the seminar.

Other changes in Rules for issuers of shares

The other changes made in the Rules for issuers of shares at NASDAQ OMX Copenhagen are in relation to precision, corrections in the language used and other consistency changes.

It is not assumed that the changes will impact the obligations the issuers of shares have to the exchange. The changes are summed up in the following:

- In the introduction there are made a few corrections in the language
In section 1.1.1 in the set of rules there is taken into account the different governance models (board of directors or advisor) a company can have in accordance with the new Danish Company Act.

In section 1.1.2 it is pointed out that the new rules are valid from July 1 2010, even though the use of recommendations for corporate governance has a special date of effectiveness.

In section 2.2.1 it is pointed out that the rules in section 2.2 about the process for being admitted to trading only will be used in connection with a new company. This correction is made in relation to make clear that a prospect made in relation to capital increase in a listed company should not be used.

The changes in the comment in section 3.3.3 about general annual meetings are made to make the content in the rule more precise.

The other changes are in relation to corrections in the language.

The exchange will in **June 22 2010 from 1.00-4.00 pm** be holding a seminar in the “requirements of publication for issuers of shares” about the new recommendations for corporate governance. At the seminar we will as well be giving you an insight into the new trading platforms in Europe and what this means for the trading with your company’s shares.

For further information please see the description of the content at the seminar, which can be found on [www.omxnordicexchange.com](http://www.omxnordicexchange.com).

Please register for the seminar at [kursus.cse@nasdaqomx.com](mailto:kursus.cse@nasdaqomx.com).

If you have any questions please contact Surveillance at 33 93 33 66

Best regards

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Surveillance