



Status Report for Finnish IPO Task Force “Economic Growth through IPOs”

Jan 21, 2015

Nasdaq Helsinki gathered circa 60 market participants to discuss measures how to improve the Finnish IPO climate in January 2014. Based on the workgroup discussions, Nasdaq Helsinki published a White Paper *“Economic Growth through IPOs – An efficient listing environment is key to growth and capital market competitiveness in Finland”* in May 2014. The report can be found at <http://www.nasdaqomx.com/ipo-actionplan-finland>

The White Paper introduces 25 measures on how the IPO climate and capital markets could be improved in Finland. The proposed measures are divided into three categories: Developing the capital markets and ownership, Incentives for listings and decreasing listing barriers, and Reducing the regulatory burden for listed companies. The proposed measures have also been divided according to whether they can be implemented at the EU level, the national level, or by the Exchange.

During the remainder of the year 2014, Nasdaq Helsinki has consulted the different institutions that can influence the implementation of the proposed 25 measures. Some of the initiatives can already be cleared as fulfilled, and some of them are currently under implementation with a set time plan. The rest of the proposed measures are part of Nasdaq Helsinki’s ongoing work.

Below is the status update of the proposed measures as of January 2015.

DEVELOPING THE CAPITAL MARKETS AND OWNERSHIP

	Proposed measure	EU-level	National level	Exchange	Market participant*	Status update	Timetable
1.	The opportunities for pension funds to invest in listed equities should be increased in the ongoing reform of the Finnish solvency regime.		✓		Ministry of Social Affairs and Health	The reform of the solvency regime of pension funds is under parliamentary proceedings.	In process
2.	Operational preconditions for pension funds should be confirmed in the ongoing regulatory reform since an adequate number of pension institutions of varying size are needed in order to promote diversity and liquidity of our capital markets.		✓		Ministry of Social Affairs and Health	Reform of the Pension Funds Act and Public Insurance Funds Act is in preparation in the Ministry of Social Affairs and Health. It has been agreed in the pension reform that as from 1.1.2017 pension funds are allowed to invest 20% of assets on equities. This is expected to significantly increase equity investments of pension funds.	In process
3.	Equity research services should be expanded to cover all listed companies.			✓	Nasdaq	Nasdaq will offer equity research (fact sheets) on all Nasdaq Nordic companies within the first quarter of 2015.	Done
4.	The tax treatment of unlisted and listed companies and their shareholders should be made neutral. One urgent measure is to make the dividend taxation of First North companies equal to that of unlisted companies.		✓		Ministry of Finance	Nasdaq Helsinki has consulted and presented the proposed measures to relevant political participants such as the Commerce and Finance Committees of the Parliament and many Parliamentary groups.	
5.	The interest of private investors in direct equity investments should be supported by means of tax neutrality and targeted savings incentives.		✓		Ministry of Finance	Proposed measures have to be included in the new Government Program. Nasdaq has also suggested that the European IPO Task Force report (European Issuers/EVCA/FESE – IPO Task Force, to be published in February 2015), would take into account the competitiveness and consistency of taxation as well as tax incentives for private investors.	Next Government?
6.	Overall capital income taxation must be entirely reformed in order to encourage personal saving and investing.		✓		Ministry of Finance		

7.	The listing of state-owned companies must be set as a goal in the State ownership policy.		✓		Ownership Steering of Prime Minister's Office	Nasdaq Helsinki has consulted and presented the proposed measures to the Ownership Steering department in the Prime Minister's Office as well as to Solidium. Both parties perceive the listing of state-owned companies as a good alternative when relevant.	In process
8.	Multi-tiered custody of securities should be extended to also cover holdings in domestic securities by Finnish investors.		✓		Ministry of Finance	Nasdaq Helsinki has supported the transition to multi-tiered custody of securities in the statements given to Ministry of Finance on August 13, 2014 and on November 28, 2014 (VM 033:00/2014 and HE VM 033:00/2014) In addition Nasdaq Helsinki and other parties have contributed to the proposed measure with several comments, articles and statements.	Next Government?

INCENTIVES FOR LISTINGS AND DECREASING LISTING BARRIERS

	Proposed measure	EU-level	National level	Exchange	Market participant	Status update	Timetable
9.	The development of an alternative light IFRS for smaller listed companies should be promoted at an international level.	✓	✓		Ministry of Employment and the Economy	Proposed measures will be taken into account at the Ministry of Employment and the Economy until the matters are addressed within EU. EU commission conducted an IFRS survey at the end of 2014 in which also the proposed measures were covered. The result of the survey has not yet been published.	In process
10.	Adjustments to IFRS standards should only be made if deemed necessary and according to an agreed timeline.	✓	✓		Ministry of Employment and the Economy	Consultation on the impact of International Financial Reporting Standards (IFRS) in the EU; http://ec.europa.eu/internal_market/consultations/2014/ifrs/index_en.htm Nasdaq has also suggested that the proposed measures would be taken into account in the European IPO Task Force report.	

11.	Secondary listings of foreign listed companies into Finland should be promoted.			✓	Nasdaq	Nasdaq is working actively to promote dual listings. As from January 1, 2015, companies to be dual listed from certain pre-determined exchanges will get a 50% discount from the registration fee.	Continuous
12.	Direct registration to the Finnish book-entry system of the foreign companies' shares should be made possible.		✓		Euroclear	Nasdaq Helsinki and Euroclear Finland will explore possibilities to create direct links to foreign securities depositaries to be able to introduce foreign instruments to the Finnish market. In addition, they will strive to study more in detail the differences between legislation and corporate actions in these countries.	2017?
13.	A handbook for listing candidates should be prepared also for companies applying to the Main Market.			✓	The Finnish Foundation for Share Promotion	The Finnish Foundation for Share Promotion has agreed to draft a listing guide for the Main Market. (An updated First North listing guide was published on December 5, 2014.)	Q3/2015
14.	The Listing Committee process should be assessed and improved.			✓	Nasdaq	Guidance for the Listing Committee process has been revised and Listing Committee has approved the new process. Following changes were done to the company presentation <ul style="list-style-type: none"> • Content requirements were clarified and partly removed • Income statement and balance sheet from the previous period with comparable figures is sufficient (compared to earlier requirement of 3 years) • Cashflow statement not required • Description of relevant risks is sufficient • Company presentation can be held closer to the time of the listing • The length of the company presentation has been limited to max 30 slides 	Done
15.	When a lead manager is responsible for the listing process, lead manager statement should not be required.			✓	Nasdaq	Rules of the Exchange have been revised in July 2014.	Done
16.	Interpretation of Rules of the Exchange concerning the minimum number of qualified shareholders should be made more flexible.			✓	Nasdaq	Rules of the Exchange have been revised in July 2014.	Done
17.	Awareness of how going public fosters companies' growth and job creation should be increased.		✓	✓	Nasdaq + others	Nasdaq Helsinki has consulted and presented the proposed measures broadly to relevant participants in the capital markets. Increasing awareness of the role of the Exchange as part of economic growth is continuous work at Nasdaq Helsinki.	Continuous

21.	Information to be reported as non-financial information should not be included in the Review by the Board of Directors, so that it will not be subject to external audit.		✓		Ministry of Employment and the Economy	The proposed measure will be reviewed when the EU directive for non-financial information is being implemented (directive 2014/95/EU) http://eur-lex.europa.eu/legal-content/FI/TXT/PDF/?uri=CELEX:32014L0095&from=EN .	In process
22.	It should be assessed if the requirement to audit the Review by the Board of Directors can be discontinued in accordance with general European practices.		✓		Ministry of Employment and the Economy	Implementation of the new EU regulation has begun at the Ministry of Employment and the Economy. The proposed measure will be presented to the implementation committee of the Ministry.	In process
23.	An effort should be made to reduce the impacts that increase the regulatory burden brought about by the EU directive proposal on addressing remuneration and related party transactions at Annual General Meeting both at EU level and, if necessary, in the national implementation.	✓	✓		Ministry of Finance	Directive negotiations within EU will continue in the spring 2015. Finland's targets for the negotiations correspond with the proposed measure. Nasdaq has also suggested that the proposed measure would be taken into account in the European IPO Task Force report.	2015
24.	The regular disclosure requirement which is compliant with the Transparency Directive should be implemented in Finland without the adoption of any additional national requirements. As a result, the requirement for submitting quarterly reports would be omitted from the legislation.		✓		Ministry of Finance	EU directive will be implemented during 2015 and proposed measure will be considered in the national regulation.	2015
25.	Finland should advocate at EU level for broader exemptions concerning the publishing obligations for listed company prospectuses.	✓			Ministry of Finance + The Finnish Financial Supervisory Authority	The Ministry of Finance and FSA will keep the proposed measures on their agendas when influencing the decision making in the EU. Nasdaq has also suggested that the proposed measure would be taken into account in the European IPO Task Force report.	In process