

**NASDAQ OMX RIGA  
Annual Surveillance report  
2011**

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## Introduction

The objective of the legal regulation is to ensure regular and lawful operation of the market. The main functions of the regulatory framework are:

- \* to protect interests of investors;
- \* to ensure lawfulness, reliability, efficiency and transparency of the market;
- \* to reduce systemic risks.

The securities market in Latvia is regulated and supervised by the Financial and Capital Market Commission (FCMC). The FCMC conducts supervision of the securities market on behalf of the state in order to enhance the stability and reliability of the entire financial sector.

NASDAQ OMX Riga (the Stock Exchange) performs market supervision over market participants and issuers of securities traded on the market, with respect to the price formation of the securities traded on the market, conclusion and execution of transactions and fulfillment of provisions of the Rules and Regulations adopted by the Exchange. In the event of a failure to comply with law, other regulations, or the Exchange's regulations in general, the Exchange may take the case to the Management Board. In a same time starting with May, 2008 according to changes in the Law on the Financial Instruments Market and in rules "On listing and trading of financial instruments on regulated markets operated by the Exchange" the Exchange shall not impose sanctions if the Issuer has not disclosed any of the information specified in NASDAQ OMX Riga rules if the obligation to publish the same is stipulated in the Law. In case NASDAQ OMX Riga has noticed such a breach of Law, NASDAQ OMX Riga immediately informs FCMC. NASDAQ OMX Riga has the obligation to inform FCMC about all surveillance related activities.

## 1. Listing and Delisting

### 1.1. Shares

<b>Number of listed companies on the regulated market as of January 1, 2011:</b>	<b>34</b>
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<b>Number of listed companies on the regulated market as of December 31, 2011:</b>	<b>33</b>
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<b>Number of newly listed companies on the regulated market during 2011:</b>	<b>0</b>
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#### **Listings of extra bearer shares during 2011:**

- On June 6, 2011, extra 1 200 AS "Latvijas Jūras medicīnas centrs" ordinary bearer shares with voting rights were listed on the Baltic Secondary list.
- On June 21, 2011, extra 2 500 AS "Grobiņa" ordinary bearer shares with voting rights were listed on the Baltic Secondary list.
- On December 9, 2011, extra 3 339 400 AS "Grindeks" ordinary bearer shares with voting rights were listed on the Baltic Main list.

#### **Number of delisted companies from the regulated market during 2011 due to takeover bids:**

- |   |          |
|---|----------|
| <b>Number of delisted companies from the regulated market during 2011 due to takeover bids:</b> | <b>1</b> |
|---|----------|
- March 31, 2011 was the last trading day of AS "Latvijas Krājbanka" shares.

<b>Number of traded companies on the alternative market First North as of January 1, 2011:</b>	<b>0</b>
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<b>Number of traded companies on the alternative market First North as of December 31, 2011:</b>	<b>1</b>
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<b>Number of newly admitted for trading companies on the alternative market First North during 2011:</b>	<b>1</b>
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- March 22, 2011 was the first trading day of AS „GOLDINVEST ASSET MANAGEMENT”

## 1.2. Bonds

**Number of listed fixed income instruments (int.al corporate bonds, mortgage bonds, government bonds) as of January 1, 2011:** 57 with total nominal value of MEUR 1 106.23

**Number of listed fixed income instruments (int.al corporate bonds, mortgage bonds, government bonds) as of December 31, 2011:** 36 with total nominal value of MEUR 1 059.04

**Number of newly listed fixed income instruments during 2011:** 0

**Listing of additional fixed income instruments during 2011:**

- On April 26, 2011 additional AS "Moda Kapitāls" 1 700 bonds were listed on the Baltic Bond List (Total nominal value MEUR 1.7).
- On September 5, 2011 additional AS "Moda Kapitāls" 2 200 bonds were listed on the Baltic Bond List (Total nominal value MEUR 2.2).

**Total nominal value of Latvian Government fixed income instruments issued and placed via stock exchange trading system during 2011:** MEUR 601

## 1.3. Fund units

Number of fund units listed on *Baltic Fund list* as of January 1, 2011: 14

Number of fund units listed and traded on *Baltic Fund list* as of January 1, 2011: 8

**Total as of January 1, 2011: 22**

Number of fund units listed on *Baltic Fund list* as of December 31, 2011: 14

Number of fund units listed and traded on *Baltic Fund list* as of December 31, 2011: 7

**Total as of December 31, 2011: 21**

**Number of delisted fund units from *Baltic Fund list* during 2011:** 1

- March 2, 2011, was the last listing and trading day on Baltic Fund list for "Citadele Asset Management" close-end fund "Citadele Baltic High Yield Fund".

**Number of fund units admitted to the *Baltic Fund Centre* as of January 1, 2011:** 31

**Number of fund units admitted to the Baltic Fund Centre as of December 31, 2011: 32**

**Number of newly admitted fund units to the Baltic Fund Centre during 2011: 1**

- On March 1, 2011, IPS Global Fondi open-end B&R Global One fund units were admitted to the Baltic Fund Centre.

## 2. Corporate actions

### 2.1. Dividends

Company	Share capital (LVL)	Dividend per year (LVL)	Dividend amount (LVL)
<b>Kurzemes CMAS</b>	438 000	0.07	30 660.00
<b>Siguldas CMAS</b>	422 440	0.09	38 019.60
<b>Olainfarm</b>	14 085 078	0.025	352 126.95
<b>Latvijas Gāze</b>	39 900 000	0.5	19 950 000.00
<b>Valmieras Stikla šķiedra</b>	23 903 205	0.007737	184 942.00
<b>SAF Tehnika</b>	2 970 180	0.23	683 141.40
		<b>Total:</b>	<b>21 238 890</b>

## 3. Breaches of the Rules by Companies and Members

### 3.1. Sanctions enforced by the Management Board of the Stock exchange

According to NASDAQ OMX Riga rules, it has rights to enforce three kinds of sanctions – issue a warning, impose a fine and delist financial instruments from the regulated market.

During 2011, NASDAQ OMX Riga draw attention of three members, who delayed trade settlements, to the requirements set in the NASDAQ OMX Riga Rules on Cash Clearing and Financial Instrument Settlement. According to the NASDAQ OMX Riga Rules members shall monitor and ensure their settlements.

During 2011 NASDAQ OMX Riga hasn't imposed any fines to the issuers or delisted any financial instrument due to the breach of the Listing Rules.

### 3.2. Issues regarding suspected market abuse reported to the authorities

According to the Law on the Financial Instruments Market and agreement signed between NASDAQ OMX Riga and FCMC, NASDAQ OMX Riga has an obligation to report all surveillance related activities to FCMC.

All cases listed below are reported as it is required by the Law. NASDAQ OMX Riga has provided FCMC with on-line trading information, so the FCMC has an access to all databases and reporting files to accomplish their surveillance functions.

### **3.3. Trading halts**

According to NASDAQ OMX Riga Listing Rules, it has rights to suspend trading upon the initiative of NASDAQ OMX Riga or issuer. Thus during the year 2011 NASDAQ OMX Riga has suspend the trading with financial instruments 9 times, in all cases upon the initiative of NASDAQ OMX Riga except 3, where the trading was suspended due to the initiative of the issuers.

**Number of times when trading suspended due to the price sensitive information disclosure to other sources before it has been disclosed to the Stock Exchange information system: 3**

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- On February 28, 2011, a trading halt was imposed on AS "Saldus mežrūpniecība" shares. The trading was resumed immediately after the publication of the required information.
- On August 2, 2011, a trading halt was imposed on AS "Latvijas Tilti" shares. The trading was resumed immediately after the publication of the required information.
- On October 17, 2011, a trading halt was imposed on AS "Rīgas kuģu būvētava" shares. The trading was resumed immediately after the publication of the required information.

**Number of times when trading suspended due to the failure of the issuer to submit the price sensitive information on time to the Stock Exchange information system: 2**

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- On April 21, 2011, a trading halt was imposed on AS "Rīgas farmaceitiskā fabrika" shares since the company failed to submit the resolutions of an AGM and audited annual report to the stock exchange on time. The trading was resumed immediately after the publication of the resolutions of the AGM and audited annual report.
- On July 1, 2011, a trading halt was imposed on AS "Latvijas Gāze" shares since the company failed to submit the resolutions of an AGM to the stock exchange on time. The trading was resumed immediately after the publication of the resolutions of the AGM.

**Number of times when trading suspended due to other reasons: 1**

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- On May 2, 2011, a trading halt was imposed on AS "Latvijas kuģniecība" shares due to the contradicting information in mass media and the fact that AS "Latvijas kuģniecība" needed additional time to prepare and submit the announcement to the Stock

Exchange information system.

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**Number of times when trading suspended due to the initiative of an issuer:****3**

- On November 10, 2011 trading in AS "SAF Tehnika" shares was suspended due to the company's initiative for the time of the annual general meeting of shareholders. Trading in SAF Tehnika shares was resumed after the information on the adopted resolutions was published on the Stock Exchange information system.
- On December 8, 2011 trading in AS „Ventspils nafta” and AS „Latvijas kuģniecība” shares was suspended during the business update organized by the companies, taking into account the application made by them. Trading in AS „Ventspils nafta” and AS „Latvijas kuģniecība” shares was resumed after the companies submitted the summary of the information presented during the business update.

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**3.4. Surveillance status**

According to the rules of NASDAQ OMX Riga, the management board has the right to assign Surveillance status to the listed companies in order to attract market participants' attention. During 2011, NASDAQ OMX Riga has assigned Surveillance status 10 times for different reasons.

**Number of surveillance status assigned to issuers due to occasions when it is planning, within the next 6 months, to carry out activities that may result in delisting:****2**

- On January 4, 2011, a surveillance status was assigned to IPAS "Citadele Asset Management" closed-end investment fund "Citadele Baltic High Yield Fund" due to the liquidation process.
- On November 17, 2011, a surveillance status was assigned to AS "Olaines kūdra". The company informed the Stock exchange on calling an EGM on December 18, 2011, with an agenda item on delisting of company's shares from the regulated market.

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**Number of surveillance status assigned to issuers due to the fail to disclose the information on a regular basis in due time and manner:****8**

- On March 1, 2011, a surveillance status was assigned to AS "Parex Banka". The company failed to submit its unaudited 12 months financial report of 2010 in English and Latvian in due time.
- On March 1, 2011, an additional surveillance status was assigned to „Latvijas Zoovetapgāde”. The company failed to submit its unaudited 12 months financial report of 2010 in

English in due time.

- On May 2, 2011, a surveillance status was assigned to AS "Latvijas kuģniecība", AS "Parex Banka" and OJSC "Technikabank". The companies failed to submit their audited annual reports for 2010 in due time.
  - On May 2, 2011, a surveillance status was assigned to AS "Daugavpils lokomotīvu remonta rūpnīca". The company failed to submit its audited annual report for 2010 in English in due time.
  - On May 2, 2011, an additional surveillance status was assigned to AS „Latvijas Zoovetapgāde”. The company failed to submit the auditor’s report. The audited annual report for 2010 was submitted without the auditors report.
  - On June 1, 2011, an additional surveillance status was assigned to AS "Latvijas kuģniecība". The company failed to submit its unaudited 3 months financial report of 2011 in English and Latvian in due time.
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## 4. Education

The Annual Issuer meeting was held in September. During the meeting NASDAQ OMX Riga informed the issuers on last changes in reporting requirements and shared overall information on projects carried out by NASDAQ OMX Riga and Latvian Central depository.

NASDAQ OMX Riga representatives held several presentations for students in different universities.

## 5. First North

At the end of the year 2011 NASDAQ OMX Riga has three certified advisors operating and one company AS "Goldinvest Asset Management" admitted for trading on First North.