

# Surveillance and Enforcement

## January 2007

### Stockholm Stock Exchange

During January one company was criticised for not immediately informing the market regarding the appointment of a new CEO. The company should have prepared a draft press release and informed the market immediately once the contract with the new CEO was signed.

Furthermore, the Stockholm Stock Exchange has issued criticism towards an exchange member on one occasion, in relation to a breach of the exchange rules. The matter concerned orders that were sent by use of Automatic Order Routing and that order placing led to trading at deviating prices. The member agreed that the incident had been unfortunate and took internal measures to avoid repeated occurrences.

Two cases of suspected market abuse have been handed over to the Swedish Financial Supervisory Authority. Both of these cases concerned suspected illegal insider trading.

During the month the Disciplinary Committee of the Stockholm Stock Exchange has decided on a matter regarding an exchange member, Erik Penser Fondkommission AB. An employee of the firm had, in a principal capacity, conducted a large number of internal trades, i.e. trades where the member acted as both buyer and seller. A very large portion of these trades, that should never have taken place, were executed at prices that deviated from the prevailing latest paid prices. At the time of the decision by the Committee, the person that had been responsible for the trading was no longer employed by the member firm and he had been given a warning by SwedSec AB, the licensing institute for the Swedish financial market, in relation to the same matter. Erik Penser Fondkommission AB was ordered to pay a fine of 300 000 SEK.

TradeDoubler AB and Pergo AB were placed on the observation segment since the companies are subject to public offers. Scania AB, that had been traded on the observation segment because MAN AG had published a public offer to the shareholders in Scania AB, was transferred back to its ordinary position when the offer from MAN AG was withdrawn.

### Helsinki Stock Exchange

One company was criticised for giving comments about the future outlook for the year 2007 to a reporter without having disclosed anything about the company's outlook for year 2007 by a stock exchange release.

One member was criticised for breaching the rules regarding trade reporting. The member had to its own account acquired more than 5% of the shares in a listed company after the trading day had ended. The reporting took place the next trading day a few hours after the continuous trading had started. At the same time the member published the transaction in which it had sold the shares further. The size of the trade was large enough for deferring the publication until the end of the day and the member had the price risk. Because the trade was concluded during the previous trading day, the trade should have been reported during the pre-trading session, i.e. before the continuous trading begun next trading day. The member was also notified about its obligation to disclose its holding

that should have taken place according to the Finnish Securities Market Act and incorrect use of owner categories in reported trades.

### **Copenhagen Stock Exchange**

In January Danionics A/S was removed from the observation segment due to the fact that the company had announced that their rights issue was completed and their nominal share capital was increased.

The trading in the shares of Bioscan A/S was suspended as the board of directors had decided to apply for an administration order.

One company received a reprimand for not publishing a stock exchange announcement containing all information about an incentive scheme as required by the Stock Exchange's rules.

One company got a reprimand for not publishing a stock exchange announcement about an incentive scheme at the time when the decision was made.

Two companies provided explanations for articles in local newspapers regarding the companies' expectations for the future. Copenhagen Stock Exchange took cognizance of their explanation.

One company got a reprimand for issuing a preliminary announcement of its annual results based on an annual report which was neither approved by the board nor by the accountants

One company asked for the opinion of the exchange, as the company was criticized in the press for having announced changes in the management as part of its preliminary announcement of the annual results instead of in a separate announcement. The Exchange announced that the changes were sufficiently described in the announcement but that the company should have considered to state the change more clearly, especially as the accession of the member the month before had had a significant impact on the price of the company's shares.

### **Icelandic Stock Exchange**

During the month one case of suspected market abuse was handed over to the Icelandic Financial Supervisory Authority (FME). The Exchange suspected manipulation of a year-end closing price.

### **Tallinn Stock Exchange**

Nothing to report.

### **Riga Stock Exchange**

In January the Riga Stock Exchange issued warnings to two listed companies for breaching the disclosure rules. On one of the occasions, in addition, the trading with the company shares was suspended. In the first case the company had failed to disclose changes in the Supervisory Board to the RSE – the RSE rules require an immediate disclosure on any changes in the Management Board or the Supervisory Board. In the latter case the company had released to media the sales and profit forecasts for 2007, without submitting the same information to the RSE. The disclosure rules prevent companies from giving comments or interviews with price sensitive information to media prior to publishing it via the stock exchange information system. The trading was resumed after the company provided the required information to the RSE.

The RSE has advised Financial and Capital Market Commission on the above breach of the rules.

## **Vilnius Stock Exchange**

The Vilnius Stock Exchange (VSE) has issued one company criticism during January 2007 with a request to explain information disclosed in the media on the execution of the financial plan. The issuer has issued such a clarification through the information system of VSE.

Also VSE has requested five companies to submit announcements about the reasons why the preliminary result of the year 2007 differs from the forecast by more than 10%.

According to VSE rules the issuer must immediately adjust the forecast and explain the reasons which have caused the deviation from the forecast if, after the publication of the issuer's forecast of the financial results, there is a reason to believe that the disclosed forecast will differ from the actual financial results for the period by more than 10%. All five companies have submitted announcements through the information system of VSE.

The VSE has also issued criticism towards exchange members in seven cases.

Two issues (possible market manipulation) concerned cases, where clients of exchange members were placing buy orders just before the closing call and therefore affected the last price at the trading session. The Lithuanian Securities Commission (LSC) was informed about these cases.

Two issues concerned cases, where the same buyer and seller client code was specified in the order. LSC was informed about these cases.

One issue concerned a case, where an exchange member had breached requirements of the Trading Rules by not specifying client codes (ID's) in the orders.

The last two errands concerned cases, where manual trades were concluded for less than established minimum volume of the shares.

## **First North**

The Stockholm Stock Exchange (SSE) has criticized a Certified Adviser (CA) on First North since the CA had not informed the SSE regarding a corporate action in a company for which they had acted as CA.